StarGlory Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8213

ANNUAL REPORT 2024/25

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Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. Zhang Tao
Mr. Li Hongchen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yee Ping Michael
Ms. Pang Xiaoli
Ms. Zhang Wenjuan

COMPANY SECRETARY

Mr. Chan Chiu Kin *(appointed on 13 May 2025)*
Ms. Lam Kit Yan FCPA
(employment terminated on 13 May 2025)

COMPLIANCE OFFICER

Mr. Zhang Tao

AUDIT COMMITTEE

Mr. Chan Yee Ping Michael *(Chairman)*
Ms. Pang Xiaoli
Ms. Zhang Wenjuan

REMUNERATION COMMITTEE

Ms. Zhang Wenjuan *(Chairlady)*
Mr. Chan Yee Ping Michael
Mr. Zhang Tao

NOMINATION COMMITTEE

Mr. Zhang Tao *(Chairman)*
Mr. Chan Yee Ping Michael
Ms. Pang Xiaoli

CORPORATE GOVERNANCE COMMITTEE

Mr. Chan Yee Ping Michael *(Chairman)*
Mr. Zhang Tao
Ms. Pang Xiaoli

AUTHORIZED REPRESENTATIVES

Mr. Zhang Tao
Mr. Chan Chiu Kin *(appointed on 13 May 2025)*
Ms. Lam Kit Yan FCPA
(employment terminated on 13 May 2025)

PRINCIPAL BANKER

The Bank of East Asia Limited

AUDITOR

KTC Partners CPA Limited
Certified Public Accountants (Practising)
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REGISTERED OFFICE

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COMPANY'S WEBSITE ADDRESS

www.stargloryhcl.com

GEM STOCK CODE

8213

Chairman's Statement

On behalf of the board of directors (the "**Board**") of StarGlory Holdings Company Limited (the "**Company**"), I am pleased to present the audited annual results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**StarGlory**") for the year ended 31 March 2025 (the "**Reporting Period**").

Over the past year, the Group has steadily advanced its strategic transformation amid a challenging market environment. The Hong Kong's food and beverage industry continued to face pressure, with cross-border consumption normalization impacting performance. We maintained operations and upheld the market competitiveness of our flagship brand, Italian Tomato, by optimizing the supply chain, strengthening inventory cost management, and refining our innovative product portfolio.

Regarding strategic transformation, the Group has signed a Memorandum of Understanding with Harbin Institute of Technology, Weihai to jointly develop precision photovoltaic screen-printing technology. The Group successfully secured an exclusive sales agreement, along with the intellectual property rights and patents for the precision screen-printing technology. Shipments to clients for production line testing commenced in February 2025, with industrial-scale technical validation expected to be completed by mid-year.

In the field of hydrogen energy materials, through collaborative research with Harbin Institute of Technology, Weihai, the Group successfully developed China's first hydrogen-energy titanium fiber felt with a filament diameter ranging from 8 to 11 micrometers, for which a patent is currently being filed. In May 2025, samples were delivered to several mainland enterprises for in-line testing, and the Group continues to explore opportunities for strategic alliances with industry leaders to enhance market penetration.

Looking ahead, we will adhere to the dual strategy of "consolidating stability while pursuing innovation." The food and beverage business will focus on operational optimization to maintain stable cash flow. At the same time, we will seize the development opportunities in the new energy industry, continue to invest in the industrialization of photovoltaic screen printing technology and hydrogen energy materials, and focus on the energy business. The Group will continue to strengthen its business by periodically reviewing its existing business portfolio. In the long term, we will also seek suitable investment opportunities to continuously broaden the Group's sources of income and diversify its business portfolio. The Board believes this strategic approach will generate long-term growth momentum for the Group and deliver sustainable returns to shareholders.

APPRECIATION

On behalf of the Board, I wish to take this opportunity to convey my gratitude to all of our business partners, customers and stakeholders for their tremendous support over the past financial year. I would also like to extend my appreciation to the entire StarGlory family for their exceptional dedication, commitment, and passion, which have propelled the Group forward amid unprecedented circumstances. As we look ahead to our next year, I am confident that we will continue to make progress on enhancing crucial aspects of our business, supported by the impressive capabilities of our team and reliable partners.

Zhang Tao
Chairman

Hong Kong, 24 July 2025

Corporate Governance Report

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the Code Provisions under the Corporate Governance Code set out in Appendix C1 to the GEM Listing Rules (the "**CG Code**") throughout the Reporting Period.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the Reporting Period, the Company adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Company's Directors have complied with such required standard of dealings and its code of conduct regarding Directors' securities transactions.

THE BOARD

Board of Directors

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The management are delegated with the authority and responsibilities by the Board for the day-to-day management and operations of the Group. In addition, the Board has also delegated various responsibilities to the board committees. Further details of these committees are set out in this report.

All Directors have full and timely access to all relevant information in relation to the Company as well as the advice and services of the company secretary of the Company, if and when required, with a view to ensure that the Board procedures and all applicable rules and regulations are followed. There are established procedures for Directors to seek independent professional advice for them to discharge their duties and responsibilities at the Company's expenses, where appropriate.

The Board is also responsible for performing the corporate governance duties set out in the CG Code which included developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with respect of the code provision in the CG Code and disclosures in this report.

THE BOARD (cont'd)

Composition

During the Reporting Period, the Board currently consists of five members including two executive Directors, namely Mr. Zhang Tao and Mr. Li Hongchen, and three independent non-executive Directors, namely Mr. Chan Yee Ping Michael, Ms. Pang Xiaoli and Ms. Zhang Wenjuan. Save as disclosed in the section headed "Directors and Senior Management" on pages 54 to 56 of this annual report, there is no other relationship between the Board members/ substantial shareholders.

The Company complied at all times during the Reporting Period with the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors and has arranged appropriate insurance cover for the Directors.

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

THE BOARD (cont'd)

Composition (cont'd)

The Board considered that the implementation of the aforementioned mechanisms was effective during the Reporting Period. The Board reviews the implementation and effectiveness of the aforementioned mechanisms on an annual basis.

Mr. Chan Yee Ping Michael, being an independent non-executive Director, possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. All independent non-executive Directors bring their wealth of experience to the Board and serve the important function of advising the management on strategy development to ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks for safeguarding the interests of the shareholders and the Company as a whole. None of the independent non-executive Directors has any business or financial interests with the Group and all independent non-executive Directors confirmed their independence to the Group as at 31 March 2025 in accordance with Rule 5.09 of the GEM Listing Rules. The Company considers the independent non-executive Directors to be independent.

Code Provision B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to the articles of association of the Company, at every annual general meeting of the Company, one-third of the Directors shall retire from office by rotation, provided that the chairman of the Board and/or the managing director of the Company shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. Mr. Zhang Tao being the chairman of the Board (the "**Chairman**"), is subject to retirement by rotation. As such, the Board considers that sufficient measures have been taken to serve the purpose of Code Provision B.2.2 under the CG Code.

Executive Directors

The executive Directors are responsible for running the Group and executing the strategies adopted by the Board. They lead the Group's management team in accordance with the directions set by the Board and are responsible for ensuring that a proper internal control system is in place and that the Group's business conforms with the applicable laws and regulations.

Independent non-executive Directors

Independent non-executive Directors serve an important function of advising the management on strategic 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 BOARD (cont'd)

Independent non-executive Directors (cont'd)

Mr. Chan Yee Ping Michael being an independent non-executive Director who was appointed on 8 November 2016 has signed a letter for renewal of appointment for a term of one year ending on 7 November 2024 with the Company, unless terminated earlier by either side by giving the other not less than one month's prior written notice and subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the articles of association of the Company.

Ms. Pang Xiaoli and Ms. Zhang Wenjuan being independent non-executive Directors who were appointed on 11 December 2023 have respectively signed letter of appointment for a term of one year ending on 10 December 2024 with the Company, unless terminated earlier by either side by giving the other not less than one month's prior written notice and subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the articles of association of the Company.

The commencement dates of the appointment for each of the independent non-executive Directors are as follows:

Independent non-executive Directors	Commencement Date
Mr. Chan Yee Ping Michael	Initially appointed on 8 November 2016
Ms. Pang Xiaoli	Initially appointed on 11 December 2023
Ms. Zhang Wenjuan	Initially appointed on 11 December 2023

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. The chairman's responsibility is to manage the Board while the chief executive officer is to manage the business of the Group.

During the period from 1 June 2023 to 31 March 2025, Mr. Zhang Tao was the Chairman of the Board responsible for managing the Board, providing leadership for the Board and ensuring that good corporate governance practices and procedures are established, while Mr. Li Hongchen, during the period from 28 July 2023 to 31 March 2025, focused on daily management of businesses of the Group, and implemented such objectives, policies, strategies and business plans as approved and instructed by the Board. The roles of the Chairman and chief executive were segregated and were not exercised by the same individual during the Reporting Period. As such, the Board considers that sufficient measures have been taken to serve the purpose of Code Provision C.2.1 under the CG Code.

CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

To attain its strategic vision, the Board strives to advocate a healthy and strong corporate culture for risk and compliance, corporate governance and corporate social responsibilities across the Group. At the same time, the Group is committed to offering high quality products and services while delivering a long-term sustainable growth for its shareholders.

The Group is primarily engaged in food and beverage business in Hong Kong. Its cake flagship brand Italian Tomato has become one of the best recognized cake shop brands in Hong Kong, thereby helping the Group build a stronger business resilience. Leveraging its expertise and competitive advantages in the food and beverage sector, the Group is devoted to providing exceptional dining experiences and services that accommodate the changes in market demand and consumer trends. To foster customer loyalty, the Group reinforces its corporate culture with the following core principles and ensures that it aligns with the Group's vision, mission and business strategies.

i. Excellence – we strive to deliver excellence in all what we do;

ii. Collaboration – we are always better together;

iii. Responsibility – we are responsible for delivering on our commitments;

iv. Sustainability – we are committed to a sustainable future;

v. Diversity – we acknowledge the omnipresence of excellent ideas; and

vi. Integrity – we endeavour to do it right.

With a view of enhancing the effectiveness of its business model and creating a far-reaching impact of the corporate value, the Group will continue to review and refine its business strategies from time to time, and to better adapt to the evolving market trends and facilitate business growth.

AUDIT COMMITTEE

The Company had established an Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee comprised three independent non-executive Directors, namely Mr. Chan Yee Ping Michael, Ms. Pang Xiaoli and Ms. Zhang Wenjuan. Mr. Chan Yee Ping Michael currently serves as the chairman of the Audit Committee and he possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules.

AUDIT COMMITTEE (cont'd)

A total of four Audit Committee meetings were held during the Reporting Period to review and discuss change of auditor, audit planning, the annual and interim results and financial statements of the Group respectively. The adequacy of the Company's policies and procedures regarding financial reporting, risk management and internal control systems were also discussed. Additional meetings may also be held by the Audit Committee from time to time to discuss special projects or other issues that the Audit Committee considers necessary. The external auditor of the Group may request a meeting with the Audit Committee if they consider it necessary.

The authorities of the Audit Committee include (1) investigation of any activity within its terms of reference; (2) seeking any information it requires from any employee; and (3) obtaining outside legal or other independent professional advice if it considers necessary.

The main duties of the Audit Committee include but not limited to the followings:

- To consider the selection and appointment of the external auditor, the audit fee, and any question concerning the resignation or dismissal of the external auditor;
- To discuss with the external auditor the nature and scope of the audit;
- To review and monitor the external auditor's independence and the objectivity and the effectiveness of the audit process in accordance with applicable standards;
- To develop and implement policy on the engagement of external auditors to supply non-audit services;
- To review the Group's quarterly, interim and annual financial statements and results respectively before submitting to the Board;
- To discuss any problems and reservations arising from the final audits and any matters that the external auditor may wish to discuss;
- To review the Group's statement on risk management and internal control systems prior to its endorsement by the Board;
- To consider the major findings of any internal investigation and the management's response;
- To consider other topics, as determined by the Board; and
- To review arrangements that employees of the Company and its subsidiaries can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters.

AUDIT COMMITTEE (cont'd)

Throughout the year under review, the Audit Committee discharged its responsibilities, reviewed and discussed the financial results, risk management and the internal control systems and internal audit function of the Group. As regards external auditor's remuneration, audit service was provided by the Group's external auditor during the year under review.

CORPORATE GOVERNANCE FUNCTION

The Company has established the Corporate Governance Committee with written terms of reference in compliance with Code Provision A.2.1 under Appendix C1 of the GEM Listing Rules. Mr. Chan Yee Ping Michael currently serves as the chairman of the Corporate Governance Committee of the Company. Mr. Zhang Tao and Ms. Pang Xiaoli has been appointed as members of the Corporate Governance Committee in his place.

The main duties of the Corporate Governance Committee are as follows:

- To develop and review the Company's policies and practices in corporate governance;
- To review and monitor the training and continuous professional development of the Directors and the senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct applicable to the Directors and the employees of the Group;
- To review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report as required under the GEM Listing Rules;
- To direct and supervise the investigation into any matter brought to the committee's attention within the scope of its duties;
- To review annually and recommend to the Board changes as necessary to the terms of reference of the Board and its committees; and
- To make any other recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed.

During the Reporting Period, the Corporate Governance Committee held one meeting to discuss the above.

DIRECTORS' ATTENDANCE AT BOARD MEETINGS, COMMITTEE MEETINGS AND GENERAL MEETINGS

Set out below are the attendance records of all the Directors at the Company's board meetings, board committee meetings and general meetings held during the Reporting Period:

	No. of meetings attended/No. of meetings held					
	Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Corporate Governance Committee Meetings	General Meetings
Executive Directors						
Mr. Zhang Tao	6/6	N/A	1/1	1/1	1/1	1/1
Mr. Li Hongchen	6/6	N/A	N/A	N/A	N/A	1/1
Independent non-executive Directors						
Mr. Chan Yee Ping Michael	6/6	4/4	1/1	1/1	1/1	1/1
Ms. Pang Xiaoli	6/6	4/4	1/1	N/A	1/1	1/1
Ms. Zhang Wenjuan	6/6	4/4	N/A	1/1	N/A	1/1

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to the Code Provision C.1 under Appendix C1 of the GEM Listing Rules, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

CONTINUOUS PROFESSIONAL DEVELOPMENT (cont'd)

The Company is committed to arranging suitable training for all Directors for their continuous professional development. Newly appointed Directors will receive guidelines and reference materials to enable them to familiarize themselves with the Group's business operations and the Board's policies. Directors are briefed and updated from time to time to ensure that he/she is fully aware of his/her responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group.

Reading materials on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses. The Company has provided training and reading materials on regulatory updates to the Directors for their references and studies.

During the Reporting Period, all Directors have participated in continuous professional development by attending training courses or watching training broadcasts arranged by the Company with emphasis on the roles, functions and duties of a director of a listed company and reading relevant materials on topics related to corporate governance and regulatory matters.

A summary of training received by the Directors during the Reporting Period:

Board members	Type of training
Executive Directors	
Mr. Zhang Tao *(Chairman)*	A, B, C
Mr. Li Hongchen	A, B, C
Independent non-executive Directors	
Mr. Chan Yee Ping Michael	A, B, C
Ms. Pang Xiaoli	A, B, C
Ms. Zhang Wenjuan	A, B, C

A: attending training courses

B: watching training broadcasts

C: reading materials relating to the economy, general business, corporate governance and directors' duties and responsibilities

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with written terms of reference in compliance with Code Provision E.1.2 under Appendix C1 of the GEM Listing Rules. Ms. Zhang Wenjuan, an independent non-executive Director, has been appointed as a chairlady of the Remuneration Committee. Mr. Chan Yee Ping Michael and Mr. Zhang Tao, an executive Director, have been appointed as the members of the Remuneration Committee.

Pursuant to Code Provision E.1.2(c) under Appendix C1 of the GEM Listing Rules, the Company has adopted the model code in which the Remuneration Committee will make recommendations to the Board on the remuneration packages of individual executive Director and senior management. The principal responsibilities of the Remuneration Committee include but not limited to the followings:

- To make recommendations to the Board on the remuneration packages of individual executive Director(s) and senior management;
- To evaluate the performance of all Directors and senior management and make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- To review annually the appropriateness and relevance of the remuneration policy;
- To administer the Company's share option schemes as they apply to Directors and/or senior management; and
- To make recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed.

REMUNERATION COMMITTEE (cont'd)

The emoluments of the executive Directors and senior management are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics. No Director is involved in deciding his own remuneration. Details of the Directors' emoluments are set out in note 7 to the consolidated financial statements.

Remuneration Policy

No individual or any of his or her associates should participate in deciding his or her own remuneration. The remuneration of the Directors and senior management is determined with reference to their expertise and experience in the industry, level of responsibility, the performance and profitability of the Group and prevailing market conditions. Discretionary bonuses, based on each individual's performance, are paid to the Directors and senior management as recognition and in reward of their contributions.

Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the Board and senior management of the Company, whose biographical details are set out in the section headed "Directors and Senior Management" on pages 55 to 57 of this annual report, for the Reporting Period are set out below:

Remuneration band(s)	Number of individuals
Nil – HK$1,000,000	5
HK$1,000,001 – HK$1,500,000	2

Meetings of the Remuneration Committee shall be held at least once a year. During the Reporting Period, one meetings were held to review and discuss the remuneration and appointment of the Directors and senior management and the Remuneration Committee discharged its responsibility mentioned above.

NOMINATION COMMITTEE

The Company has established the Nomination Committee with written terms of reference in compliance with Code Provision B.3.1 under Appendix C1 of the GEM Listing Rules. Mr. Zhang Tao, an executive Director, has been appointed as the chairman of the Nomination Committee. Mr Chan Yee Ping Michael and Ms. Pang Xiaoli, independent non-executive Directors, have been appointed as members of the Nomination Committee.

NOMINATION COMMITTEE (cont'd)

The principal responsibilities of the Nomination Committee include but not limited to the followings:

- To review the structure, size and composition (including but not limited to skills, knowledge, gender, age, culture, educational background, professional experience and diversity of perspectives) of the Board at least annually, assist the Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- To identify individuals suitably qualified to become Directors and select or make recommendations to the Board in this regard;

- To assess the independence of independent non-executive Directors, including length of tenure and any overboarding, and having regard to the requirements under the GEM Listing Rules;

- To ensure that no Director or any of his/her associates is involved in approving his/her or any of his associates' nomination;

- To make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors, in particular the chairman of the Board and chief executive of the Company;

- To make recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed;

- To develop and maintain a policy for the nomination of Board members which includes the nomination procedures and the process and criteria adopted by the Committee to identify, select and recommend candidates for directorship during the year, and to review periodically and disclose in the Company's corporate governance report the policy and the progress made towards achieving the objectives set in the policy. The committee should ensure that the selection process is transparent and fair, and that it considers a broad range of candidates who are outside the Board's circle of contacts and in accordance with the Company's diversity policy;

- To develop and maintain a policy concerning the diversity of Board members and the workforce (including senior management), and to review periodically, including the measurable objectives that the Board set for implementing such policies, and disclose the policy on diversity or a summary of the policy in the Company's corporate governance report;

- to assess each director's time commitment and contribution to the Board, as well as the director's ability to discharge his or her responsibilities effectively, taking into account professional qualifications and work experience, existing directorships of issuers listed on the Main Board or GEM of The Stock Exchange of Hong Kong Limited and other significant external time commitments of such director and other factors or circumstances relevant to the director's character, integrity, independence and experience; and

- To support the Company's regular evaluation of the board's performance, including but not limited to the continuous professional development and training to be received by the Directors.

NOMINATION COMMITTEE (cont'd)

Board Diversity Policy

Pursuant to the CG Code, the Board has adopted a board diversity policy since August 2013. The Company recognizes and embraces the benefits of having a diverse Board, and regards increasing diversity at the Board level as an essential element in maintaining a competitive advantage. The Board had not set any measurable objectives. All appointments of the members of the Board are made on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will discuss annually to achieve diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will review the board diversity policy, as appropriate, to ensure its effectiveness. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. The existing Board members come from a variety of business and professional backgrounds. In recognizing the particular importance of gender diversity, the Board currently consists of five members, of which three are male and two are female. With regard to age groups currently, two members of the Board are aged below 40 and three are aged between 41 to 50.

During the Reporting Period, the Nomination Committee held one meeting to review the structure, size, composition, diversity of the Board and nomination of director which takes into factors including mix of the Board, competency, ability, value added of the candidate. It also reviewed the re-election of the Directors by rotation, as well as the independence of the independent non-executive Directors. The Nomination Committee considered that the Board is sufficiently diverse during the Reporting Period. The Nomination Committee will review the Board diversity policy on an annual basis to ensure its effectiveness.

AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration paid to our independent auditor, KTC Partners CPA Limited, for the Reporting Period is presented as follows:

	Fee amount HK$'000
Audit services	699
Non-audit services	–
	699

FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports and other disclosures required under the GEM Listing Rules and other regulatory requirements. The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the Reporting Period. Statements of Directors' responsibilities for preparing the financial statements and the external auditor's reporting responsibilities are set out in the Independent Auditor's Report as contained in this annual report.

The Company's external auditor, without qualifying their opinion, draws the users' attention to note 2(d) to the consolidated financial statements indicating the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Please refer to the paragraph headed "Material Uncertainties Related to Going Concern" in the section headed "Independent Auditor's Report" on page 70 of this annual report. The Directors, taking into account of the factors set out in note 2(d) to the consolidated financial statements, are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

COMPANY SECRETARY

Ms. Lam Kit Yan was appointed as the company secretary of the Company and one of its authorized representatives on 8 November 2016. Following Ms. Lam Kit Yan's termination with effect from 13 May 2025, Mr. Chan Chiu Kin has been appointed as the company secretary of the Company and one of its authorised representatives. They have duly complied with the relevant professional training requirements of the GEM Listing Rules during the year under review. The biographical details of Ms. Lam Kit Yan and Mr. Chan Chiu Kin are set out on page 56 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining sound and effective risk management and internal control systems to safeguard the interests of the shareholders of the Company and the Group's assets. The Board also acknowledges its responsibility for overseeing the Group's risk management, financial reporting, and internal control systems on an ongoing basis and reviewing their effectiveness at least annually through the Audit Committee. These systems are designed to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

The Audit Committee assists the Board in fulfilling its oversight and corporate governance roles in the Group's financial, operational, compliance mechanisms and risk management functions, and the resourcing of the finance and internal audit functions. Appropriate controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. During the Reporting Period, the Company has engaged an external consultant to perform a review of the effectiveness of the Group's risk management and internal control systems for the Group.

RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

The Group's risk management process starts with identifying the major risks associated with its business, market, and industry in the ordinary course of business. The Group adopts a control and risk self-assessment methodology and assesses and manages its risk profile on a regular basis. This is a continuous process of identifying, evaluating, prioritizing, managing, and monitoring of the risks that the Group faces. The risks are categorized into strategic risks, operational risks, financial risks, and compliance risks. Depending on the likelihood and potential impacts of the relevant risks exposed to the Group, the management prioritizes the risks and either takes immediate mitigating actions, devises a contingency plan, or conducts periodic reviews in accordance with the contingency plan. All operating departments are responsible for identifying and analyzing the risks associated with their respective functions, preparing risk mitigation plans and reporting the status of respective risk factors to the senior management and the Audit Committee. The external consultant is responsible for coordinating and advising on matters in relation to risk management of the Group, while the Audit Committee and ultimately the Board will supervise the implementation of the Group's risk management procedures and measures.

Regarding the review of internal controls, a risk-based approach is adopted by the external consultant. The three-year internal audit plan is subject to review annually, and it covers the major activities and processes of the Group's businesses. The internal control reviews included making enquiries with the appropriate management and the key process owners, performing tests of controls to identify control deficiencies, and making recommendations for improving and strengthening the internal control system. The reviews covered all material controls including financial, operational and compliance controls. The review findings are communicated to the senior management and the Audit Committee of the Group. Internal control issues are tracked, followed up for proper implementation, and their progress are reported to the senior management and the Audit Committee of the Group. Based on the internal control reviews conducted during the Reporting Period, no significant areas of concern have been identified.

The Board, through the Audit Committee, had conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the Reporting Period and the Board considered the systems to be effective and adequate. The Board also reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, and training programs, on the Group's accounting, financial reporting, and internal audit functions.

WORKFORCE DIVERSITY POLICY

As at 31 March 2025, the Group had a total of 31 full-time employees and 11 part-time employees, among which 10 are male and 32 are female. The Group considers the workforce to be diverse in respect of the aforesaid evaluation criteria. The Group has decided not to set any measurable objectives for implementing the workforce diversity policy. The Group will continue to ensure that diversity is taken into consideration when assessing workforce composition.

PROCEDURE AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with the requirements of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**") and the GEM Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

DIRECTORS INSURANCE

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to Article 58 of the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition and sending to the Company's head office and principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" on page 3 of this annual report) 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 months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requested shareholder(s) ("**Requested Shareholders**") himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requested Shareholders as a result of the failure of the Board shall be reimbursed to the Requested Shareholders by the Company.

Enquiries to the Board

Shareholders may at any time make a request in writing with his/her/its detailed contact information and send it to the Company's head office and principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" on page 3 of this annual report) 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 ordinary business matters, such as suggestions, inquiries and customer complaints, to the Board.

SHAREHOLDERS' RIGHTS (cont'd)

Putting forward proposals at a general meeting

Shareholders are welcome 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 with his/her/its detailed contact information to the Company's head office and principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" on page 3 of this annual report). Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "Convening an extraordinary general meeting" above.

SHAREHOLDERS' COMMUNICATION POLICY

To promote and strengthen the relationship between its shareholders and the investment community, the Company is committed to maintaining a high degree of open dialogue with its shareholders, ensuring that all relevant information is disclosed in a timely and transparent manner through the following means to reduce information asymmetry:

(i) Statutory Publications:

The Company is dedicated to ensuring the accuracy and completeness of the information about the Group's performance and updating its shareholders and investors on the Group's latest business developments. Through the publication of interim reports and annual reports as well as announcements and circulars, the Company endeavours to ensure that all information published is factual and presented on a regular and clear basis to help the investment community make better-informed investment decisions accordingly;

(ii) Corporate Website:

The Company's corporate website offers a convenient communication channel for all the shareholders and investors of the Company with ease of access to a wide range of useful and up-to-date information, such as operational and financial updates, announcements, corporate notices and so on;

(iii) General Meetings:

The Company's annual general meetings and extraordinary general meetings provide the opportunities for shareholders to communicate with the Board and senior management of the Company directly, whereby their enquiries and opinions towards the Company can be addressed. A separate resolution will be proposed by the chairman of the relevant meeting and voting on each resolution shall be conducted by way of a poll in accordance with the GEM Listing Rules. The announcement of the results shall be on the respective websites of the Stock Exchange and the Company on the same day of the meeting;

SHAREHOLDERS' COMMUNICATION POLICY (cont'd)

(iv) Making Enquiries:

Shareholders may make enquiries to the Board or the Company by post to the Company's head office and principal place of business in Hong Kong for the attention of the company secretary (details of which are set out in the section headed "Corporate Information" on page 3 of this annual report).,

Shareholders may also direct their queries by posts regarding their shareholdings, payment of dividend, change of correspondence address and share transfer/registration to the Group's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, to the following correspondence address:

Address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

The implementation and effectiveness of the shareholder communication policy are reviewed by the Board on an annual basis. During the Reporting Period, the current shareholder communications policy was considered effective by the Company:

(i) The multiple channels of communication have catered the different needs and priorities of the shareholders and investors of the Company. For example, corporate website enables shareholders to access the Group's latest business developments, while shareholders can contact the representatives of the Company via posts; and

(ii) The Chairman/chairlady and the committees of the Board, company secretary and/or other professional advisers would make themselves available at general meetings to respond to any shareholders' enquiries.

INVESTOR RELATIONS

Constitutional documents

During the Reporting Period, no amendments were made to the the memorandum and articles of association of the Company.

LOOKING FORWARD

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

Environmental, Social and Governance Report

ABOUT THIS REPORT

This report is the ninth Environmental, Social and Governance ("**ESG**") Report (the "**Report**") published by StarGlory. The Report is to outline the performances on ESG aspects of the Group in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") under Appendix C2 to the GEM Listing Rules and the provisions of "comply or explain" set out therein.

The Report covers the Group's overall performance, risks, strategies, measures, and commitment in terms of quality of workplace environment, environmental protection, operating practice, and community involvement for the business operations of the Group during the Reporting Period. The Board is responsible for the truthfulness, accuracy, and completeness of the contents of the Report.

REPORTING SCOPE AND PERIOD

The Report covers the ESG performance of the provision of food and beverage services, including the restaurants, café and cake shops under the Japanese brand of Italian Tomato during the period from 1 April 2024 to 31 March 2025 (the "**Reporting Period**"), which are financially significant and operationally influential to the Group. All information comes from the official documents or statistical reports of the Group.

FEEDBACK

We welcome opinions on the Group's environmental, social, and governance approaches upon reading the Report. Please share with us in writing and send them to the Company's head office and principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" on page 3 of this Annual Report) to the Board or the secretary of the Company.

REPORTING PRINCIPLES

The Group adheres to the reporting principles outlined in the ESG Reporting Guide:

Principles	Definition
Materiality	The Group understands stakeholders' opinions through internal materiality assessment and various communication channels, identifies important ESG issues, and regards them as the key disclosure of the Report.
Quantitative	The environmental and social key performance indicators ("**KPIs**") are calculated and presented in a numeric approach to evaluate the ESG performance of the Group.
Consistency	The Report adopted consistent methodologies to allow for meaningful comparisons of ESG data over time. Any changes in the methodologies and reporting scope are explained in remarks for stakeholders' reference.

Environmental, Social and Governance Report

ESG GOVERNANCE STRUCTURE

The Group believes that a robust sustainable governance structure is vitally important to governing the effectiveness of the overall business. The Board, as the highest decision-making body of the Group, is responsible for all ESG-related affairs including holding meetings from time to time to discuss, evaluate, and determine the Group's ESG-related risks and ensure that appropriate and effective ESG risk management and internal control systems are in place. The direction, strategy, and reporting of the Group's ESG practices are governed by the Board, and the Board confirmed that it is its responsibility to ensure that ESG disclosure responsibilities are appropriately fulfilled. The Group has established dedicated teams to manage ESG issues within each business division of the Group and kept monitoring and overseeing the progress against goals and targets for managing ESG issues. Dedicated teams with designated staff for managing ESG issues have been assigned to enforce and supervise the implementation of the relevant ESG policies cascading through the Group. During the daily operation, employees have the responsibility to report the risks in operation to their supervisors. Furthermore, an external consultant was appointed by the Company as the consultant to provide ESG advisory services in promoting the Group's sustainable development.

CORPORATE GOVERNANCE

For information about the corporate governance structure of the Group and other relevant disclosure, please refer to the section headed "Corporate Governance Report" on pages 5 to 22 of this annual report.

STAKEHOLDER ENGAGEMENT

The Group's stakeholders are the entities that can reasonably be expected to be significantly affected by the Group's activities, or whose actions can reasonably be expected to affect the ability of the Group to implement its strategies or achieve its objectives.

We understand that stakeholder engagement plays a pivotal role in our continuous effort to improve our ESG standard. Therefore, we have built and maintained various communication channels for our stakeholders to express their views, opinions and expectations which help us to formulate current or future sustainable development strategies and enhance the management ability of the Group.

Stakeholders Groups	Major Communication Channels
Shareholders	• Annual General Meetings • Company website and publications • Interim, quarterly and annual reports • Announcements and circulars • Meetings with senior management

STAKEHOLDER ENGAGEMENT (cont'd)

Stakeholders Groups	Major Communication Channels
Loan and debt holders	• Annual General Meetings • Company website and publications • Interim, quarterly and annual reports • Announcements and circulars • Meetings with senior management
Customers	• Meetings • Interim, quarterly and annual reports • Company website and publications • Customer satisfaction surveys • Customer service hotline/email
Employees	• Employee meetings • Internal communication channels • Trainings • Performance appraisals
Suppliers	• On-site inspections • Annual evaluation and review
Government agencies and regulatory bodies	• On-site inspections • Meetings • Interim, quarterly and annual reports
Trade associations	• Business conferences • Industry events • Company website and publications
Public media	• Company website and publications • Interim, quarterly and annual reports
Local communities	• Company website and publications

MATERIALITY ASSESSMENT

The Group considered the concerns of stakeholders, the development of industry trends, and the ESG Reporting Guide in Appendix C2 of the GEM Listing Rules to formulate the ESG management-related issues library applicable for the Reporting Period. The management of the Group identified and prioritized the ESG material issues based on the above considered factors. The Group has confirmed there were no significant changes in the material ESG issues and their ranking orders during the Reporting Period after the review; therefore, the direction of its ESG governance strategy formulation and focused disclosure on issues with higher importance to the Report would be aligned with the year of 2023/2024.

List of Materiality Issues

Based on the results of the internal materiality assessment conducted by the Group's management, the most important issues identified during the Reporting Period are listed as follows:

Category	Issues
Environmental	• Water Usage Management • Waste Management • Energy Efficiency
Social	• Anti-corruption System (including the provision of relevant training) • Supply Chain Management • Occupational Health and Safety Management • Product and Service Quality (food quality and safety) • Customer Satisfaction

ENVIRONMENTAL ASPECT

The Group recognizes the influences caused by our business operations towards the environment linked to our living community. We are committed to comply with relevant environmental laws, including but not limited to:

- Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) (《空氣污染管制條例》(香港法例第311章));

- Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) (《水污染管制條例》(香港法例第358章));

- Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) (《廢物處置條例》(香港法例第354章)); and

- Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) (《公眾衛生及市政條例》(香港法例第132章)).

During the Reporting Period, there was no incident of non-compliance with local relevant environmental laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes that had a significant impact on the Group.

ENVIRONMENTAL ASPECT (cont'd)

Raising our employees' environmental awareness and integrating environmental considerations into our daily operations can stimulate our environmental control effectiveness. The Group has formulated a series of environmental policies and measures that align with industry standards, in which we require our employees to strictly comply with these laws and regulations. We will also keep abreast of any changes in relevant laws and make necessary revisions to our internal guidelines.

EMISSIONS

Air and Greenhouse Gases Emissions

The Group's principal business operations do not involve activities that emit direct greenhouse gas emission ("**GHG**") or other air pollutants. While the energy indirect GHG emissions are generated from our daily operations through electricity consumption during our business processes to produce and deliver products to customers and in the Group's general administration.

We endeavour to lower energy consumption by keeping monthly records of consumption levels for each business entity and closely monitoring emission levels. Meanwhile, we are accomplished to implement a series of measures such as encouraging employees to switch off idling lights, kitchen appliances and other electronic appliances in an effort to maintain or reduce the Group's overall energy consumption level effectively. To further reduce our carbon footprints, we also promote the use of telephone and video conference systems thereby reducing the need for business travel with vehicles.

To prevent excess emission from the exhaust gas caused by machinery malfunction, the Group has regularly repaired and replaced the kitchen appliances and other electronic appliances; we ensure that these appliances usually operate to prevent unnecessary fuel and energy consumption. All the Group's operations comply with the relevant laws and regulations that significantly impact the Group relating to air pollutants and GHG emissions.

Waste Management

Handling processes for all waste generated from production and daily operations are in strict compliance with internal guidelines. Papers, packaging material, waste cooking oils and other non-hazardous wastes are the major wastes from our food and beverage services and the Group's general administration. In general, recycling and reuse of waste are encouraged under feasible circumstances. The Group's restaurants generate waste cooking oils during the cooking process. We have already appointed professional providers and followed the guidelines to dispose of waste cooking oils properly.

Internal guidelines are in place to promote efficiency in consuming resources and reducing waste. We incorporate the "3R" (Reduce, Re-use, and Recycle) initiatives within our internal guidelines to promote the reduction of the use of plastic products, disposable utensils and cutlery, foamed polystyrene containers, aluminium foil containers, paper tray liners, cups, and lids; and our employees are encouraged to recycle and reuse paper, as well as to adopt double-sided printing. Due to the business nature, the Group does not generate or discharge any hazardous waste.

USE OF RESOURCES

The Company and its various subsidiaries strictly comply with the relevant local laws and regulations on environmental protection, set internal guidelines and measures for this purpose, and work in line with the rules of the office buildings to achieve energy-saving and consumption reduction, minimizing the negative environmental impact of our business operation. Considering the location of our business operations, we do not have any issue in sourcing water that is fit for purpose, as our water resources are sourced from the municipal water supply system.

During the Reporting Period, we have taken various measures to increase energy efficiency and conserve precious water resources, including but not limited to:

Energy saving measures:

- Using natural sunlight, adjusting the indoor lighting and switching off all idling lights, kitchen appliances and other electronic devices;
- Using LED lighting systems to reduce power consumption; and
- Maintaining a suitable indoor air temperature.

Water conservation measure:

- Install sensor faucets at offices and restaurants.

In order to monitor and improve the Group's resource efficiency continuously, we aim to gradually reduce and optimize our resource usage, with a primary focus on decreasing air emissions, waste generation, and water and energy consumption. These targets are essential not only for driving improvements but also for assessing the effectiveness of the measures we implement.

THE ENVIRONMENT AND NATURAL RESOURCES

Natural resources are considered renewable if they are replenished by the environment over relatively short periods or are almost of unlimited supply. Examples include solar, wind, forests, biomass and most plants and animals. Natural resources are considered non-renewable resources if they cannot be easily replenished by the environment or are of limited supply. Examples include most minerals, metal ores, fossil fuels, natural gas and groundwater.

Despite the fact that the Group's major operations have no significant impact on the environment and natural resources, we, as a responsible corporation, are committed to minimizing such negative impact and assessing environmental risks induced by our operations, in order to formulate relevant measures.

1. Raising Environmental Awareness

The Group understands that reinforcing our internal environmental measures requires the employees' environmental protection consciousness to facilitate execution of policy including issuing the internal guideline from time to time and sharing green office initiatives to attain the green office management comprehensively.

2. Protecting Biodiversity

We understand the significance of protecting biodiversity as it boosts ecosystem productivity where each species, no matter how small, plays an important role. Procuring sustainable food ingredients is our goal in working towards sustainable developments, for instance, certain seafood from the Group's restaurants is purchased from a sustainable fishery labelled by the Marine Stewardship Council ("**MSC**"), which implies the seafood from the fishery been certified by the set of requirements for sustainable fishing.

CLIMATE CHANGE

As human living consumption patterns exacerbate global warming, climate change continues to pose significant physical and transition risks to the world. The Group recognizes that enterprises are contributing to global warming, especially the food and beverage industry; the Board has identified "Climate Change" as one of the ESG risks that affected the business of the Group. Extreme weather such as typhoons and heavy rainstorms may trigger other flooding and landslide hazards, which may affect the safety of our employees during traveling to the workplace or work. For that reason, the Group strictly follows the relevant governmental guidelines including but not limited to the "Code of Practice in Times of Typhoons and Rainstorms" to list out the appropriate working arrangements in our internal procedure based on the condition of extreme weather. Contingency Plans have also been prepared to respond to the climatic risks. Besides, the Group is striving to reduce its carbon footprint proactively by implementing various measures to reduce energy consumption.

ENVIRONMENTAL KEY PERFORMANCE INDICATORS ("KPIs")[1]

Key Performance Indicators	Unit	2025
A1 Emissions		
Air Emissions		
Nitrogen oxides (NO_x)	kg	N/A
Sulphur oxides (SO_x)	kg	N/A
Particulate matter (PM)	kg	N/A
Greenhouse Gas Emissions		
Scope 1 – Direct emissions	Tonnes of CO_2e	N/A
Scope 2 – Energy indirect emissions	Tonnes of CO_2e	111.89
Total	Tonnes of CO_2e	111.89
Intensity	Tonnes of CO_2e/ HK$'000 revenue	0.003
Non-hazardous Waste		
Total	Tonnes	1.00
Intensity	Tonnes/HK$'000 revenue	0.00003
A2 Use of Resources		
Direct energy	kWh	N/A
Indirect energy	kWh	280,198.00
Total	kWh	280,198.00
Intensity	kWh/HK$'000 revenue	7.49
Packaging Materials		
Total	Tonnes	23.83
Intensity	Tonnes/HK$'000 revenue	0.0006
Water Consumption		
Total water consumption	m^3	755.75
Intensity	m^3/HK$'000 revenue	0.02

1 The environmental KPIs cover the food & beverage business operating under the Japanese brand of Italian Tomato.

SOCIAL ASPECT

Employment and Labour Practices

Employment

Employees are one of the essential elements to holding our Group's competitiveness. We strive to provide them with a work environment where they are respected and satisfied. They are entitled to learn, grow, and succeed at work. Such ideology has been included in our human resources policies.

Employment contracts set out all the conditions of work including compensation, working time, rest periods, holidays, disciplinary and dismissal practices, maternity and paternity protection, equal opportunity, diversity, antidiscrimination, the workplace environment, occupational health and safety and other benefits and welfare etc, to mitigate the Group's exposure to labour issues and protect employees' rights.

We regularly review the remuneration level of our staff and improve their welfare to address the increasing turnover rate of employees deriving from amplified market competition. Such an increasing turnover rate has also contributed to a higher proportion of part-time employees in our workforce.

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong)(《僱傭條例》(香港法例第57章)) of Hong Kong and other relevant laws and regulations should be upheld. During the Reporting Period, there was no incident of non-compliance with the relevant laws and regulations that posed a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

1. **Equal Opportunities and Diversity**

   Employees are one of the key stakeholders of the Group and we believe that creating diversity and equal opportunities can enhance our competitiveness, and we have incorporated this element into the Group's personnel management system. We do not enforce any restrictive guidelines on a particular gender of staff employment.

   Our employment practices support the building of an inclusive work environment free from discrimination such as gender, age, nationality, sexual orientation, family status, race or religion. Each employee has an equal job opportunity.

2. **Employee Communication**

   The Group values and appreciates the opinions of our employees. We ensure that discontent and grievances from work are heard and handled fairly and appropriately. Employees are also encouraged to share their views and aspirations concerning their career and the Group's development.

SOCIAL ASPECT (cont'd)

Employment and Labour Practices (cont'd)

Employment (cont'd)

3. Dismissal

For circumstances in which an employee has violated the Group's regulations or performed consistently below an acceptable level, the Group has established related guidelines to terminate that employee's employment contract; detailed terms and conditions for dismissal are outlined in the employment contract.

Health and Safety

Providing a working environment free of health and safety hazards for employees is a globally recognized human right. Various laws and regulations administered by government agencies and voluntary standards advocated by non-government organizations are in place to protect employees' health and safety. Employees' health and safety issues can result from the use of unsafe equipment, machinery, processes, and practices. They can also result from the improper use of dangerous substances, such as chemical, physical and biological agents.

To prevent employees' health and safety impacts, it is the Group's policy to require staff at all levels (i) to always be alert to health and safety concerns in the workplace; (ii) to report and communicate all health and safety concerns in the workplace on a timely basis; and (iii) to adhere to all applicable safety laws, regulations and standards.

1. Work Safety

It is a priority that we ensure the health and safety of customers and employees at our restaurants. The Group fully complies with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) (《職業安全及健康條例》(香港法例第509章)). Along with internal policies and procedures, the Group has implemented various measures to ensure employees' safety at work. These measures include regular inspections of restaurant and kitchen areas, and reviewing of internal safety control systems to identify any risks.

To enhance employees' awareness of occupational health and safety, the Group provides internal and external training and safety meetings for employees. We also participate in fire drills held by different departments or organizations regularly.

Throughout our operations, we encourage our employees, through constant communication, to alert us to any risks promptly so that they can be addressed as they arise.

SOCIAL ASPECT (cont'd)

Employment and Labour Practices (cont'd)

Health and Safety (cont'd)

2. **Employee Care**

   Achieving a work-life balance is what we always encourage and promote among our employees. We aspire that our employees are able to value physical and mental health as we strive to create a harmonious working environment to help relieve their stress. Meanwhile, we provide our employees with information about health and safety to improve their health consciousness.

   During the Reporting Period, the Group did not have any non-compliance with laws and regulations in respect of employees' health and safety that have a significant impact on the Group.

Development and Training

The Group considers the growth of our employees as the key to sustainable business growth. We provide employees with a nurturing environment and career development opportunities, including skills development and job training. To promote employees' satisfaction, it is the Group's policy to provide employees with sufficient in-house training courses; whilst encouraging staff members to attend relevant external training programs to support career development.

Training on obligations, duties and responsibilities of directors and senior management of publicly listed companies are also in place. This training is in line with the SFO and the GEM Listing Rules.

We encourage promotion within the Group. All employees enjoy equal opportunities for promotion as their work performances are appraised regularly.

SOCIAL ASPECT (cont'd)

Employment and Labour Practices (cont'd)

Labour Standard

The Group's internal rules and labour system are made in strict adherence to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (《僱傭條例》(香港法例第57章)) and other applicable laws and regulations. All recruitment processes and promotion activities are closely monitored under the Group's human resources management scheme. To prevent the employment of child labour, applicants are required to submit their identification documents during the interview section to ensure that their ages meet the minimum regulatory requirements of employees. Also, our employment contract clearly sets out working hours in order to avoid forced labour. The Group will conduct investigations and take disciplinary action against or dismiss the relevant employees immediately when any non-compliance is discovered. If necessary, the Group will further improve the labour mechanism against illegal behaviours.

During the Reporting Period, there was no child or forced labour in the Group's operations.

Operating Practices

Supply Chain Management

The suppliers of the Group mainly supplied us with food ingredients, such as meat, seafood, dried food and vegetables. We did not witness any significant change in the geographical location of suppliers. During the Reporting Period, our suppliers are mainly from Hong Kong and Mainland China.

The Group might be indirectly involved with environmental or social impacts as a result of its business relationships with its suppliers. To prevent negative environmental and social impacts in the Group's supply chain, it is the Group's policy to select suppliers which have considerations on social and environmental protections as well as compliance with the laws, rules and regulations stipulated in the Group's operating regions. For instance, certain seafood is purchased from sustainable fisheries labelled by the MSC.

The Group has developed procurement and payables related policies to implement strict standards and procedures in supplier selection. We take several standards into consideration when selecting suppliers including quality and safety of food products and materials, delivery time, stable supply, track record, hygiene of food production facilities, and so on. We also implement measures such as the requisition of certificates to monitor and assess the quality of all of our suppliers and subcontractors, including their capability of undertaking works with quality and risk (including environmental and social) management. Under practicable circumstances, we will prioritize selecting suppliers that provide environmentally-friendly products and services for our business operation to reduce the environmental impacts of the supply chain. During the Reporting Period, all of our suppliers have passed our supplier assessment process before engagement.

SOCIAL ASPECT (cont'd)

Operating Practices (cont'd)

Supply Chain Management (cont'd)

We promote fair and open competition, aiming to develop long-term relationships based on mutual trust. We keep a close eye on procurement made by our staff and forbid any practices that are against business ethics. Business relationships with suppliers and business partners are handled and monitored carefully to avoid of transfer of interests or exploitation of suppliers.

Product Responsibility

Maintaining food safety and quality are integral parts of building strong brands and reputation which contribute significantly to the success of the Group's operations. As such, with strengthened internal guidelines to regulate hygiene and sanitary levels, our food safety standards focus on illness prevention, restaurant food safety and regulation adherence in day-to-day restaurant operations. We strictly abide by the relevant laws and regulations include, but are not limited to the Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) (《貨品售賣條例》(香港法例第26章)), the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong)《商品説明條例》(香港法例第362章)), the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (《個人資料(私隱) 條例》(香港法例第486章)), the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F of the Laws of Hong Kong) (《預防及控制疾病 (規定及指示) (業務及處所) 規例》(香港法例第599F章)). During the Reporting Period, the Group complied with all relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters.

Operating great restaurants that meet the highest food safety standards is the core of our commitment. From food procurement to food preparation and serving our customers, we are dedicated to offering a high-quality dining experience to our customers. With the Group's sustainable approach to implementing its values through food safety, customer care and supply chain management, the Group believes our brands will have a bright and promising future.

1. **Quality Management**

   To ensure our food and services reach the standard of the Company, we implement different kinds of measures, such as ensuring they are produced according to the recipe from the Research & Development ("**R&D**") and applying the First In, First Out ("**FIFO**") mechanism to manage the food ingredients and finished products. We have also formulated a standardized inspection checklist for checking the conditions of kitchen facilities regularly. Furthermore, we conduct an internal audit for production quality assurance according to the designated schedule. When food products are found not to meet our quality standards, they are promptly removed from shelves, and customers are provided with instructions for product returns or disposal. We thoroughly investigate the root cause of the issue, document the entire process, and implement corrective actions. After recalling, we reflect on our measures and continuously review our procedures to enhance them. These steps are crucial in maintaining our commitment to food and service quality and in building customer trust.

   During the Reporting Period, we did not have any products sold or shipped subjects to recall for safety and health reasons.

SOCIAL ASPECT (cont'd)

Operating Practices (cont'd)

Product Responsibility (cont'd)

2. Customer Feedback

Customers' feedback on food quality, dining experience and customer service are valuable driving forces to motivate us to work better. Therefore, we set up customer feedback forms in our restaurants which encompass food quality, service standards, hygiene conditions and the customers' overall dining experience. To improve customer satisfaction, it is our policy to respond and handle customers' complaints promptly. After receiving customers' complaints, the relevant department will then follow up and take appropriate measures to improve our service quality.

During the Reporting Period, we did not receive significant product and service-related complaints.

3. Advertising and Labelling

We carry out marketing and promotional work in an appropriate manner to attract customers. We have complied with all applicable laws and standards enacted by the government and industry associations. All advertising and promotional materials are required to be internally reviewed and approved by the Company before being published to ensure that consumers are provided with sufficient and accurate information on our services to make informed choices.

4. Intellectual Property and Privacy Protection

We deeply understand the importance and significance of protecting intellectual property rights as well as the confidential information of our customers and suppliers. We have purchased and installed antivirus software to protect against common cyber security risks, and we use authorized and official software to ensure no infringement of intellectual property rights. Besides, our employment contract clearly states that employees are required to properly safeguard and avoid leakage of confidential information obtained in the course of work.

SOCIAL ASPECT (cont'd)

Operating Practices (cont'd)

Anti-corruption

Corruption refers to practices such as bribery, facilitation payments, fraud, extortion, conspiracy, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something dishonest, illegal, or represents a breach of trust. Corruption is broadly linked to adverse environmental and social impacts, such as damage to the environment, abuse of democracy, misallocation of government investments, and undermining of the rule of law.

The Group strictly complies with all relevant anti-corruption laws and regulations, such as the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) (《防止賄賂條例》(香港法例第201章)) of Hong Kong. The Group is expected by the marketplace, international norms, and stakeholders to demonstrate its adherence to integrity, governance, and responsible business practices. The Group's resistance to corruption involves using effective strategies to detect and deter corruption and contributes to our ethical business culture. During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or any of its employees as far as the Group is aware.

In addition, we have formulated and strictly implemented our anti-corruption control system. During the Reporting Period, we conducted training sessions for our directors and senior management to reinforce their understanding of anti-corruption principles, business ethics, and compliance obligations under the GEM Listing Rules and Corporate Governance Code.

Moving forward, we will expand this focus by implementing anti-corruption training programs for our employees. This proactive approach ensures alignment with regulatory requirements while fostering a company-wide culture of transparency and ethical conduct.

Whistle-blowing Policy

The Group encourages its employees, suppliers, customers and other stakeholders to report any misconduct through different channels such as email or in writing. The secretary of the Company who is responsible for forwarding communications relating to matters within the Board and ordinary business matters will then follow up with the cases received. We will promptly carry out an inspection and take necessary measures to protect the identity of the whistle-blower.

During the Reporting Period, we had not identified any non-compliance in relation to corruption, bribery, extortion, fraud, and money laundering, which had a significant impact on the Group. The Group will regularly review its internal anti-corruption system and improve it when necessary.

SOCIAL ASPECT (cont'd)

Community

Community Investment

Based in Hong Kong, the Group has strived to "reward the community" in different ways. The Group values its corporate social responsibility by dedicating itself to improving its staff awareness in community care.

The Group proactively seeks to promote the spirit of corporate social responsibility within the Group by organizing or participating in community activities. We encourage our employees to contribute to the community so as to help the people in need and improve the relationship among staff members, the enterprise and the community. We mainly focus on food rescue and reducing food waste. By addressing these areas, we aim to create a positive impact on the environment and support sustainable practices within the community.

SOCIAL KEY PERFORMANCE INDICATORS ("KPIs")[2]

Key Performance Indicators	Unit	2025
B1 Employment		
Number of Employees		
Total	Person	32
By Gender		
Male	Person	3
Female	Person	29
By Employment Type		
Full-time	Person	21
Part-time/Contract	Person	11
By Employee Category		
Senior management	Person	3
Middle management	Person	1
General staff	Person	28
By Age Group		
20 or below	Person	2
21-30	Person	9
31-40	Person	11
41-50	Person	9
51-60	Person	1
60 above	Person	N/A
By Geographical Region		
Hong Kong	Person	32
Employee Turnover Rate[3, 4]		
By Gender		
Male	Percentage	600
Female	Percentage	355
By Age Group		
20 or below	Percentage	850
21-30	Percentage	533
31-40	Percentage	227
41-50	Percentage	178
51-60	Percentage	1,300
60 above	Percentage	N/A

2 The social KPIs cover Hong Kong Headquarters Office, and the food & beverage business operates under the Japanese brand of Italian Tomato.

3 The turnover rate may exceed 100% since it is calculated as the number of departing employees in the Reporting period/the total number of employees on the last day of the Reporting Period X 100%.

4 The high turnover rate observed during the Reporting Period is primarily attributed to the cessation of operations of our cake shops and cafes.

SOCIAL KEY PERFORMANCE INDICATORS ("KPIs")[2] (cont'd)

Key Performance Indicators	Unit	2025
By Geographical Region		
Hong Kong	Percentage	378
B2 Health and Safety		
Work-related deaths (person)[5]	Person	0
Lost days due to work injury	Day(s)	298
B3 Training and Development		
Percentage of Employees Trained		
By Gender		
Male	Percentage	100
Female	Percentage	45
By Employee Category		
Senior management	Percentage	100
Middle management	Percentage	0
General staff	Percentage	46
Average Training Hours		
By Gender		
Male	Hour(s)	13
Female	Hour(s)	34
By Employee Category		
Senior management	Hour(s)	13
Middle management	Hour(s)	0
General staff	Hour(s)	36
B5 Supply Chain Management		
Hong Kong	Supplier(s)	29
Mainland China	Supplier(s)	1
B6 Product Responsibility		
Percentage of products sold or shipped subject to recalls for safety and health reasons	Percentage	0
Number of significant products and service-related complaints	Case(s)	0
B7 Anti-corruption		
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period	Case(s)	0

5 No work-related fatalities were reported in the past three years (including the Reporting Period).

The Group's audited revenue for the Reporting Period amounted to approximately HK$37.4 million (2024: approximately HK$99.4 million), representing a decrease of approximately 62.4% compared with the last financial year. Loss attributable to owners of the Company was approximately HK$22.3 million (2024: approximately HK$16.2 million) for the Reporting Period, representing an increase of approximately 37.7% compared with the last financial year. The increase was primarily due to the decrease in gross profit as a result of the decrease in revenue, decrease in other income, impairment of interest in an associate, impairment provision on other debtors. There was no gain on disposal of subsidiaries whereas a gain on disposal of subsidiaries was recorded in the last financial year. The above adverse effects are offset by a decrease in operating expenses resulting from effective cost control measures, and improved operational efficiency was also a contributing factor during the reporting period. Further detailed explanations can be found in the financial review section.

INDUSTRY OVERVIEW

During the Reporting Period, global economic growth remained constrained by factors such as high interest rates, geopolitical volatility, and climate-related risks. According to the United Nations' World Economic Situation and Prospects, global GDP growth is projected at 2.4% in 2024, with a modest rise to 2.7% in 2025, both below the pre-pandemic (2010-2019) average of 3.2%.

China's economy demonstrated notable resilience, with full-year 2024 GDP growth reaching 5.2% year-on-year. Preliminary data for the first quarter of 2025 indicated a continuation of this stable trend. Industrial value-added output from large enterprises grew robustly by 4.6% in 2024, while high-tech manufacturing expanded at a faster pace of 7.5%.

In March 2024, the Chinese government launched the Action Plan for Promoting Large-Scale Equipment Renewal and Consumer Goods Replacement, driving industrial transformation through equipment modernization and consumption upgrades. The policy prioritizes high-tech manufacturing sectors, including new energy vehicles, solar panels, and battery technologies, while accelerating industrial equipment optimization. Additionally, the "14th Five-Year Plan: Modern Energy System Plan" continues to be implemented, with clean energy accounting for approximately 40% of total power generation by end-2024 – a figure expected to rise further in 2025. Backed by policy support, China's clean energy sector is expanding rapidly. Per National Energy Administration, the share of clean energy in power generation has exceed 45% in the first quarter of 2025, with the new energy supply chain fueling demand for advanced materials.

Hong Kong's economy showed moderate recovery, with full-year 2024 GDP growth at 3.3% and the first quarter of 2025 estimates ranging between 2.8%–3.2% year-on-year. However, weak local consumption and intensifying market competition pressured the food and beverage sector. Data from the Census and Statistics Department revealed a 2.8% year-on-year decline in total food and beverage revenue for the fourth quarter of 2024 to HK$25.5 billion. The Hong Kong Federation of Restaurants and Related Trades noted around 200 restaurant closures in the first quarter of 2025, attributed to mainland brand expansions and shifting consumption patterns. The deepening "one-hour living circle" effect and the normalization of the "Northbound Travel for Hong Kong Vehicles" scheme further reshaped local consumption dynamics. Industry players are actively exploring innovative strategies to adapt to the rapidly evolving market landscape.

Management Discussion and Analysis

BUSINESS REVIEW

During the Reporting Period, Hong Kong's economy continued to face multiple challenges, with the food and beverage sector operating in an exceptionally demanding environment. Despite the HKSAR government's efforts to stimulate economic activity through initiatives like "Hong Kong Night Vibes" and major events, the local dining industry grappled with persistent headwinds – shifting consumption patterns, labor shortages, high operating costs, the normalization of cross-border consumption, and substitution effects from e-commerce. These factors collectively pressured industry performance.

The Group's food and beverage revenue experienced significant impact, particularly during holiday periods when the prevalence of cross-border consumption dampened growth in local customer traffic. In response, we leveraged the strength of our flagship Italian Tomato brand and its reputation in Hong Kong's food and beverage sector to enhance menu design and product offerings, improving appeal to both local patrons and visitors. Strategic initiatives included launching festive promotions and introducing trendy character-themed cakes, baked goods, and related products to boost foot traffic and stabilize revenue.

Concurrently, the Group maintained rigorous cost control measures, optimizing operations by balancing food costs against revenue ratios. Since 2023, we decisively outsourced select production processes while implementing stringent inventory management, operational standards, and procurement efficiency programs. These steps ensured consistent delivery of high-quality cakes while achieving effective cost containment. However, the competitive landscape is undergoing profound changes as the "one-hour living circle" effect intensifies and mainland food and beverage brands accelerate their expansion into Hong Kong.

While navigating challenges in traditional food and beverage, the Group capitalized on global sustainability trends and China's "dual-carbon" strategy to pursue a strategic pivot. Recognizing China's robust advanced materials infrastructure and strong policy support, we entered the renewable energy and advanced materials sectors. Focusing on a critical segment of the photovoltaic ("**PV**") value chain, we prioritized research and development and commercialization of precision screen-printing technology – a decisive factor in enhancing solar cell efficiency. As precision screens are essential components for PV cell manufacturing, the Group conducted extensive preliminary market research to understand industry trends.

Our collaboration with Harbin Institute of Technology, Weihai, culminated in a Memorandum of Understanding to co-develop this technology. Following the successful completion of due diligence in December 2023, the Group secured exclusive sales rights, along with associated IP and patents. Client shipments for production-line testing commenced in February 2025, with industrial-scale validation expected by mid-year. To address growing demand in China's hydrogen sector, the Group is positioning itself in the titanium fiber felt market. Through joint research with Harbin Institute of Technology, Weihai, we developed China's first hydrogen-grade titanium fiber felt with filament diameters of 8-11 micrometers (patent pending). Samples were delivered to multiple mainland enterprises for in-line testing in May 2025, while we actively explore strategic alliances with industry leaders to strengthen market penetration.

FUTURE PROSPECTS

The Group will adopt a dual strategy of "consolidating core businesses while pursuing strategic breakthroughs." For our Hong Kong food and beverage operations, we will maintain the current business model, ensuring stable performance of core brands like Italian Tomato. Our focus will be on optimizing cost structures and enhancing operational efficiency through improved supply chain management and digital transformation to sustain stable business performance.

Regarding industrial development, the PV business will continue to become the Group's growth driver. We will accelerate R&D and industrialization of high-precision PV screen-printing technology, particularly the ultra-fine grid line technology co-developed with Harbin Institute of Technology, Weihai, which is expected to achieve breakthroughs in solar cell conversion efficiency. Simultaneously, we will continue investing in the hydrogen energy sector, prioritizing the development of proprietary titanium fiber felt materials for hydrogen applications – a critical component in the fuel cell supply chain.

The Group will continue to focused on the energy business, continuously strengthening the Group's businesses through the review of its existing business portfolio from time to time and also seek suitable investment opportunities in the long run so as to broaden the source of income of the Group and diversify the Group's business portfolio on an on-going basis laying a solid foundation for long-term sustainable growth and creating enduring value for shareholders.

Management Discussion and Analysis

FINANCIAL REVIEW

Consolidated results of operations

For the Reporting Period, the Group recorded a total revenue of approximately HK$37.4 million (2024: approximately HK$99.4 million), from provision of food and beverage services of approximately HK$37.4 million (2024: approximately HK$99.4 million), representing a decrease of approximately 62.4% for the food and beverage section compared to the last financial year. This decrease in revenue reflects the ongoing transformation in consumer behavior patterns, characterized by a measured shift towards value-oriented purchasing decisions amid evolving macroeconomic conditions. The emergence of cross-border consumption alternatives has further influenced this trend. The interplay of regional market dynamics and the growing presence of e-commerce platforms has presented new challenges for Hong Kong's food and beverage sector. While the Hong Kong government's initiatives to stimulate consumption have yielded modest improvements in consumer sentiment, the industry continues to navigate through a period of adjustment.

Loss attributable to owners of the Company was approximately HK$22.3 million (2024: approximately HK$16.2 million).

Gross profit

The gross profit margin from the operations of the Group was approximately 43.0% (2024: approximately 48.5%), it remains stable. In response to evolving market dynamics, the Group has proactively diversified its product portfolio by introducing an expanded range of peripheral and seasonal offerings, including mooncakes, egg rolls, and French palmier products. While these new product categories currently operate at different margin profiles compared to our traditional cake offerings, they represent an important strategic initiative to broaden our market reach and create additional revenue streams. The Group remains focused on optimizing its product mix and implementing operational enhancements to gradually strengthen overall profitability while maintaining market competitiveness.

FINANCIAL REVIEW (cont'd)

Other income

Other income of the Group for the Reporting Period decreased by 46.9% to approximately HK$0.5 million (2024: approximately HK$0.9 million). The decrease was mainly due to the decrease in miscellaneous income, and the fact that there was no net exchange gain during the Reporting Period, whereas a net exchange gain was recorded in the last financial year.

Impairment of interest in an associate

An impairment loss of approximately HK$3.0 million (2024: HK$2.9 million) was recognised for the Group's interest in Weihai Qingying Precision Technology Company Limited（威海清影精工科技有限公司）for the year. The recoverable amount of the associate, determined by an impairment assessment, was lower than its carrying amount due to the associate's continued losses and a delay in the commencement of its planned mass production.

Finance costs

Finance cost of the Group for the Reporting Period increased by 31.2% to approximately HK$5.1 million (2024: approximately HK$3.9 million). This increase was primarily attributable to higher interest expenses on convertible bonds, resulting from the reassessment of their fair value following an extension.

Operating expenses

The Group strived to exercise stringent cost control and further enhanced operational efficiency during the Reporting Period. As a result, total operating expenses for the operations decreased by approximately 52.77% to approximately HK$30.3 million (2024: approximately HK$64.3 million). The decrease in operating expenses as compared to last financial year was in line with the decrease in revenue and also reflects the Group's strategic refinement of its retail portfolio, specifically the calibrated optimization of our outlet network. This measured action aligns with its strategic imperative to enhance resource allocation and strengthen operations around high-potential locations. As a result of these strategic initiatives, the Group achieved an improvement in operational efficiency, with total operating expenses moderated to HK$30.3 million during the Reporting Period.

FINANCIAL REVIEW (cont'd)

Operating expenses (cont'd)

A breakdown of the operating expenses are set out below:

	2025 HK$'000	2024 HK$'000
Amortization of other intangible assets	**406**	830
Auditor's remuneration	**699**	650
Building management fee and rates	**523**	2,476
Cleaning	**218**	812
Depreciation of plant and equipment	**596**	2,183
Depreciation of right-of-use assets	**7,200**	8,313
Directors' remuneration	**1,028**	992
Franchise and royalties	**717**	3,010
Impairment provision on other debtors	**–**	3,581
Insurance	**358**	686
Legal and professional fee	**2,364**	2,067
Loss on disposal and written off of plant and equipment	**–**	606
Marketing	**807**	163
Other staff costs	**12,902**	30,682
Repair and maintenance	**253**	170
Short-term lease expenses	**380**	2,569
Takeaway supplies	**649**	1,546
Utilities	**421**	1,813
Variable lease payment not included in the measurement of lease liabilities	**544**	539
Others	**281**	564
	30,346	64,252

FINANCIAL REVIEW (cont'd)

Financial resources and liquidity

As at 31 March 2025, the Group's current assets amounted to approximately HK$35.9 million (2024: approximately HK$36.5 million) of which approximately HK$24.4 million (2024: approximately HK$21.2 million) was cash and cash equivalents, approximately HK$11.5 million (2024: approximately HK$15.1 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to approximately HK$147.2 million (2024: approximately HK$186.0 million), including creditors and accruals in the amount of approximately HK$37.4 million (2024: approximately HK$30.7 million), approximately HK$106.3 million (2024: approximately HK$108.5 million) was other loans.

As at 31 March 2025, the principal amount of the convertible bonds issued by the Company amounted to approximately HK$40 million (2024: approximately HK$40 million). On 13 August 2021, the Company entered into the third supplemental deed with the bondholder pursuant to which the Company and the bondholder agreed to extend the maturity date of the Convertible Bond (as defined in the announcement of the Company dated 13 August 2021) for 36 months from the date falling on the sixth anniversary of the date of issue of the convertible bonds, being 15 August 2021, to 15 August 2024. On 12 August 2024, the Company entered into the Fourth Supplemental Deed with the bondholder, Mr. Tang, pursuant to which the Company and the bondholders agreed to further extend the maturity date of the Convertible Bonds by 36 months, being 15 August 2024, to 15 August 2027.

The current ratio and quick assets ratio of the Group as at 31 March 2025 were 0.24 and 0.23 respectively (2024: 0.20 and 0.17 respectively). As the Group incurred net liabilities as at 31 March 2025 and 31 March 2024, there is no debt-to-equity ratio, which is expressed as a ratio of total debts less cash and bank balances to total equity, to be calculated. The gearing ratio of the Group, which is calculated by dividing total liabilities (being non-current liabilities and current liabilities) over total assets (being non-current assets and current assets) as at the end of the year and multiplying by 100% was 382% (2024: 344%).

Foreign exchange

During the years ended 31 March 2025 and 31 March 2024, the Group conducted commercial transactions in the PRC denominated in Renminbi. Fluctuations in exchange rates of Renminbi against Hong Kong Dollar could affect the Group's results of operations.

During the Reporting Period, no hedging transactions or other exchange rate arrangements were made (2024: Nil).

Charges on the Group's assets

No Group's assets had been pledged or charged as at 31 March 2025 (2024: Nil).

FINANCIAL REVIEW (cont'd)

Capital Structure

The Group's operations were financed mainly by internal funds, loans from the sole beneficial owner of the convertible bonds issued by the Company, loans from independent third party and fund raised from rights issue. The Group will continue to adopt its treasury policy of placing its cash and cash equivalents as interest-bearing deposits. The Group's cash and cash equivalents were mainly denominated in Hong Kong dollar and the Group's other loans and principal amount of the convertible bonds issued by the Company both were denominated in Hong Kong dollar, as at 31 March 2025 amounted to approximately HK$106,300,000 and HK$29,300,000, respectively (2024: approximately HK$108,500,000 and HK$40,000,000 respectively). As at 31 March 2025, the Group's borrowings with fixed interest rates amounted for 100% (2024: 100%) of total borrowings.

On 13 January 2025, a total of 34,285,713 subscription shares were allotted and issued to two subscribers (the "**Subscription**") at the subscription price of HK$0.35 per subscription share. For details of the Subscription, please refer to the paragraph headed "Use of Proceeds From the Subscription" in the section headed "Management Discussion and Analysis" on page 51 of this annual report, and announcements of the Company dated 18 December 2024 and 13 January 2025.

Acquisition, disposal and significant investment held

The Group did not carry out significant acquisition or disposal of subsidiaries and associates or held any significant investment during the Reporting Period.

Capital commitments

As at 31 March 2025, the Group's outstanding capital commitments were approximately HK$2,384,000 (2024: approximately HK$1,875,000).

FINANCIAL REVIEW (cont'd)

Contingent liabilities

As at 31 March 2025, the Group did not have material contingent liabilities (2024: Nil).

Dividend

No dividend has been paid or declared by the Company for the years ended 31 March 2025 and 2024 up to the date of this annual report.

Employees and remuneration policies

As at 31 March 2025, the Group had 42 full-time employees in Hong Kong and the PRC (2024: 62 full-time employees in Hong Kong and the PRC). The remuneration of employees of the Group is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward of their contributions. Other fringe benefits such as medical subsidies, medical insurance, education/training subsidies and pension fund plans are offered to most employees. Share options are granted at the discretion of the Board and under the terms and conditions of the share option schemes adopted on 26 February 2003, 20 July 2012 and 22 September 2023.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

On 27 April 2017, the Company announced that it proposed to raise approximately HK$100 million, before expenses, by allotting and issuing 1,388,725,000 rights shares (the "**Rights Shares**") by way of rights issue (the "**Rights Issue**") at the subscription price of HK$0.072 per Rights Shares, on the basis of one (1) Rights Shares for every two (2) existing shares held on 19 May 2017. Completion of the Rights Issue took place on 14 June 2017.

Among the net proceeds (the "**Net Proceeds from the Rights Issue**") of the Rights Issue of approximately HK$99 million, as at 31 March 2025, approximately HK$37.5 million, HK$20.0 million, HK$2.9 million, HK$18.5 million and HK$13.0 million have been used as operation and expansion of the existing food and beverage business, the Company's corporate expenses, investment in e-cigarette business in the PRC, investment in medical and healthcare business and investment in renewable energy and new material respectively. As at 31 March 2025, approximately HK$7.1 million of the Net Proceeds from the Rights Issue remained unutilized and this remaining balance was kept in the Group's bank account. Set out below is the breakdown of the use of the Net Proceeds from the Rights Issue up to, and the balance thereof as at 31 March 2025:

Summary of use of the Net Proceeds from the Rights Issue

	Original allocation of the Net Proceeds from the Rights Issue HK$ million	Re-allocation of the unutilized amount as disclosed in the Company's announcement dated 6 November 2018 HK$ million	Re-allocation of the unutilized amount on/before 31 March 2023 HK$ million	Actual amount utilized up to 31 March 2023 HK$ million	Unutilized balance as at 31 March 2023 HK$ million	Re-allocation of the unutilized amount during the year ended 31 March 2024 HK$ million	Actual amount utilized up to 31 March 2024 HK$ million	Unutilized balance as at 31 March 2024 HK$ million	Re-allocation of the unutilized amount during the year ended 31 March 2025 HK$ million	Actual amount utilized up to 31 March 2025 HK$ million	Unutilized balance as at 31 March 2025 HK$ million
Operation and expansion of the existing food and beverage business	29.0	–	–	(28.7)	0.3	5.6	(34.6)	–	2.9	(37.5)	–
Company's corporate expenses	20.0	–	–	(20.0)	–	–	(20.0)	–	–	(20.0)	–
Repayment of bank loans	15.0	(15.0)	–	–	–	–	–	–	–	–	–
Potential investment opportunities	35.0	–	(12.0)	–	23.0	(16.0)	–	7.0	0.1	–	7.1
Investment in, research and development, sales and marketing of e-cigarette in the PRC and overseas countries	–	15.0	(6.5)	(2.9)	5.6	(2.6)	(2.9)	3.0	(3.0)	(2.9)	–
Investment in medical and healthcare business	–	–	18.5	(18.5)	–	–	(18.5)	–	–	(18.5)	–
Investment in renewable energy and new material	–	–	–	–	–	13.0	(13.0)	–	–	(13.0)	–
	99.0	–	–	(70.1)	28.9	–	(89.0)	10.0	–	(91.9)	7.1

During the Reporting Period, the Group pursued a prudent yet efficient network expansion strategy and up to 31 March 2025, Net Proceeds from the Rights Issue amounting to approximately HK$37.5 million had been utilized for operating and expanding existing food and beverage business as approximately HK$2.9 million was reallocated for this purpose during the year ended 31 March 2025.

USE OF PROCEEDS FROM THE RIGHTS ISSUE (cont'd)

Summary of use of the Net Proceeds from the Rights Issue (cont'd)

As at 31 March 2025, approximately HK$20.0 million has been used as the Company's corporate expenses.

As disclosed in the Company's announcement dated 6 November 2018, the Company has changed the original allocation of the Net Proceeds from the Rights Issue by reallocating HK$15.0 million of the Net Proceeds from the Rights Issue originally planned to be applied for the repayment of bank loans to the intended investment in research and development, sales and marketing of e-cigarette in the PRC and overseas countries. In this connection, the Company planned to conduct research on the use of new ingredients for producing e-cigarette liquid and e-cigarette cartridge, purchase production lines for manufacturing e-cigarette, and market and sell such products through exploring and developing a sales network, building a new e-cigarette brand, participating into trade fairs and seeking cooperation with external parties. Up to 31 March 2025, the Group utilized approximately HK$2.9 million of the Net Proceeds from the Rights Issue to invest in the e-cigarette business in the PRC, including setting up office and purchasing new equipment. And, approximately HK$6.5 million, HK$2.6 million and HK$3.0 million, was reallocated on or before 31 March 2023 and during the years ended 31 March 2024 and 2025, respectively, to investment in the medical and healthcare business, operation and expansion of the existing food and beverage business and for potential investment opportunities, as set out below.

In recognition of the growing importance of medical and healthcare services and products, the Group strives to grasp the prosperous opportunities in the domestic market, thereby strengthening its core competence through broadening its revenue base. After thorough study and consideration, up to 31 March 2025, approximately HK$18.5 million in total, which represented by HK$6.5 million and HK$12.0 million of the Net Proceeds from the Rights Issue which were originally reserved for the e-cigarette business and potential investment opportunities respectively, was reallocated and utilized to invest in the medical and healthcare business in the domestic market, including brand building, office set-up, expert recruitment and product development.

USE OF PROCEEDS FROM THE RIGHTS ISSUE (cont'd)

Summary of use of the Net Proceeds from the Rights Issue (cont'd)

The Group has been aiming to expand its existing food and beverage business and continued to identify suitable acquisition targets during the Reporting Period. However, taking into account sluggish economic recovery, weak private consumption, poor consumer sentiment and intense competition, the food and beverage industry continued to experience a tough period of time, in which was further exacerbated by the increasing number of Hong Kong residents choosing to travel north for dining experiences. As a result, the Group adopted a relatively prudent approach in such business expansion. In order to weather the headwinds, the Group endeavored to explore potential acquisition opportunities in different markets. In view of the increasing significance of renewable energy, the Group allocated approximately HK$13.0 million from the Net Proceeds from the Rights Issue which were originally reserved for the potential investment opportunities towards its indirect wholly-owned subsidiaries for the advancement of research and development in renewable energy and new material products and businesses. This included a strategic investment of RMB7.0 million (equivalent to approximately HK$7.7 million) in Weihai Qingying Precision Technology Company Limited, acquiring a 20% equity stake in the company and obtaining an exclusive sales right in order to develop the sales business in this arena; the Group has also initiated a technology collaboration partnership with the Harbin Institute of Technology, Weihai, involving a one-off payment of RMB2.8 million (equivalent to approximately HK$3.1 million) for research and development operation, to enhance its renewable energy business through a comprehensive approach. As for the remaining amount of RMB2.0 million (equivalent to HK$2.2 million), it will be used for general operating capital.

The Net Proceeds from the Rights Issue for potential investment opportunities purpose were still reserved and the unutilized balance of approximately HK$7.1 million allocated for this purpose is expected to be fully utilized by 31 December 2025. The actual timeline will be subject to the availability of appropriate acquisition targets, market condition and time required for performing due diligence work. As at the date of this annual report, the Board has not identified any suitable acquisition target.

The Directors will constantly evaluate the Group's business objectives and may change or modify the plans against the changing market condition to suit the business growth of the Group. Further announcement(s), in respect of redeploying the allocation and use of Net Proceeds from the Rights Issue, if necessary, will be made in accordance with the requirements of the GEM Listing Rules as and when appropriate to update its shareholders and potential investors.

USE OF PROCEEDS FROM THE SUBSCRIPTION

Summary of use of the Net Proceeds from the Subscription

On 18 December 2024 (after trading hours of the Stock Exchange), the Company entered into a subscription agreement (the "**Subscription Agreement(s)**") with each of the subscribers (the "**Subscribers**"), namely Jumbo Grand International Limited and Ms. Zeng Huimei, pursuant to which each of the Subscribers has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, in aggregate 34,285,713 new ordinary shares of the Company at the subscription price (the "**Subscription Price**") of HK$0.35 per subscription share (the "Subscription"). The closing price as quoted on the Stock Exchange on the date of the Subscription Agreements is HK$0.40 per Share. The Subscription was conducted under the general mandate granted to the Board at the annual general meeting dated 20 September 2024, for the purpose of, amongst others, strengthening the financial position and liquidity of the Group and meet any future development and financial obligations at a reasonable cost.

Completion of the Subscription took place on 13 January 2025 in accordance with the terms and conditions of the subscription agreements. The gross proceeds from the Subscription are approximately HK$12.0 million, and the net proceeds from the Subscription are approximately HK$11.7 million (the "**Net Proceeds from the Subscription**"). As at 31 March 2025, among the Net Proceeds from the Subscription, approximately HK$3.0 million, HK$5.0 million and HK$3.7 million have been used for operation of the existing food and beverage business, the Company's corporate expenses and for expansion of the Group's renewable energy and new material business. As at 31 March 2025, approximately HK$10.8 million of the Net Proceeds from the Subscription remained unutilized and this remaining balance was kept in the Group's bank account. Set out below is the breakdown of the use of the Net Proceeds from the Subscription up to, and the balance thereof as at 31 March 2025:

Summary of use of the Net Proceeds from the Subscription

	Allocation of the Net Proceeds from the Subscription HK$ million	**Actual amount utilized up to 31 March 2025** HK$ million	**Unutilized balance as at 31 March 2025** HK$ million
Operation of the existing food and beverage business	3.0	–	3.0
Company's corporate expenses	5.0	0.9	4.1
Expansion of the Group's renewable energy and new material business	3.7	–	3.7
	11.7	0.9	10.8

For the reasons, details and details of the proposed used of proceeds of the Subscription, please refer to the announcements of the Company dated 18 December 2024 and 13 January 2025.

Directors and Senior Management

Details of the biographies of Directors and senior management as at 31 March 2025 are listed as follows:

EXECUTIVE DIRECTORS

Mr. Zhang Tao

Mr. Zhang Tao, aged 44, joined the Group in June 2023. He has over 10 years of experience in the management of companies in the information technology industry. Mr. Zhang obtained a bachelor degree with major in Media Studies from Massey University in New Zealand in May 2006.

Before joining the Company, Mr. Zhang was appointed as the chief information officer of Fast Key Holdings Limited, a wholly owned subsidiary of Shenzhen Mingwah Aohan High Technology Corporation Limited*（深圳市明華澳漢科技股份有限公司）(previous stock code: 8301) (“**Shenzhen Mingwah**”), whose principal business included (i) the trading of card application systems and the provision of application development services in the People’s Republic of China and (ii) the trading of liquor products, the issued shares of which were previously listed on the GEM of the Stock Exchange but delisted in December 2021, from July 2016 to June 2017. Since July 2017, he also served as the chief information officer of Mingwah Aohan Investment Group Limited, another subsidiary of Shenzhen Mingwah.

From April 2017 to May 2021, Mr. Zhang was an executive director of Shenzhen Mingwah. Mr. Zhang was further appointed as the chairman of the board of directors of Shenzhen Mingwah in January 2018 and redesignated from executive director to non-executive director in May 2021. Mr. Zhang resigned as a non-executive director and chairman of the board of directors of Shenzhen Mingwah in October 2022 following its delisting from the Stock Exchange.

Mr. Li Hongchen

Mr. Li Hongchen, aged 26, joined the Group in July 2023. He has over 6 years of experience in the management of several subsidiaries of the Company. Mr. Li obtained a bachelor’s degree in education from the South China University of Technology in the PRC in June 2021.

From December 2018 to December 2019, Mr. Li served as the chairman of the board of Sky Label Holdings Limited（天寶集團有限公司）, an indirect wholly-owned subsidiary of the Company, whose business included investment holding. Since January 2019, Mr. Li served as the chairman of the board of Haiyuncai Technology (Shenzhen) Company Limited*（海韻彩科技（深圳）有限公司）, an indirect wholly-owned subsidiary of the Company. From May 2021 to July 2023, Mr. Li served as the chairman of the board of Huayin (Shenzhen) Biotechnology Co., Ltd*（華胤（深圳）生物科技有限公司）(“**Huayin**”) (a former indirect wholly-owned subsidiary of the Company, the Group disposed its entire interest in Huayin and its subsidiaries on 17 July 2023), whose business included investment holding and trading of healthcare products in the PRC and he also served as chairman of the board of two directly non-wholly owned subsidiaries of Huayin, namely Zhongke Huayin (Shenzhen) Biotechnology Co., Ltd.*（中科華胤（深圳）生物科技有限公司）and Zhongke Huayin (Shenzhen) Biology Co., Ltd.*（中科華胤（深圳）生物有限公司）since March 2022 and January 2022, respectively. Since January 2020, Mr. Li served as the chairman of the board of Yongyao Star Technology (Shenzhen) Company Limited*（永曜星科技（深圳）有限公司）(formerly known as StarGlory Enterprise Management (Shenzhen) Company Limited*（榮暉企業管理（深圳）有限公司））, an indirect wholly-owned subsidiary of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yee Ping Michael

Mr. Chan Yee Ping Michael, aged 48, joined the Group in November 2016. Mr. Michael Chan has more than 20 years of experience in the areas of audit, financial management, corporate secretarial management and corporate governance. He graduated from The Hong Kong Polytechnic University with an honour bachelor's degree in accountancy. He was admitted as a certified public accountant and a fellow member of the Hong Kong Institute of Certified Public Accountants in October 2003 and July 2017 respectively, and a fellow member of the Association of Chartered Certified Accountants in June 2009. He is currently a director of MCI CPA Limited, a certified public accountant firm in Hong Kong. He is currently serving as independent non-executive directors for two companies whose shares are listed on the Main Board of the Stock Exchange, namely China Sandi Holdings Limited (Stock Code: 910) since July 2014 and Beijing Media Corporation Limited (北青傳媒股份有限公司) (Stock Code: 1000) since June 2020. He also acts as a company secretary of Northeast Electric Development Co., Limited (東北電氣發展股份有限公司) (stock code: 42), a joint stock limited company listed on the Shenzhen Stock Exchange and the Main Board of the Stock Exchange, since 2012.

He served as an independent non-executive director of Champion Alliance International Holdings Limited (冠均國際控股有限公司) (formerly known as Mengke Holdings Limited (盟科控股)) (stock code: 01629) from November 2018 to February 2021 and SoftMedx Healthcare Limited (京玖醫療健康有限公司) (formerly known as China Renji Medical Group Limited (中國仁濟醫療集團)) (Stock Code: 648) from July 2014 to May 2022, whose shares are listed on the Main Board of the Stock Exchange. He also acted as a company secretary of China Sunshine Paper Holdings Company Limited (中國陽光紙業控股有限公司) (stock code: 2002) which is listed on the Main Board of the Stock Exchange from 2013 to June 2024. From July 2014 to September 2024, he served as an independent non-executive director of China Sandi Holdings Limited (中國三迪控股有限公司) (Stock Code: 910) which is listed on the Main Board of the Hong Kong Stock Exchange.

Ms. Pang Xiaoli

Ms. Pang Xiaoli, aged 46, joined the Group in December 2023. Ms. Pang obtained a bachelor degree in economics from Dongbei University of Finance and Economics (東北財經大學) in July 2002 and a master degree in executive master of business administration from Cheung Kong Graduate School of Business (長江商學院) in September 2018.

From July 2018 to August 2020, Ms. Pang served as an executive director, the chief executive officer, compliance officer and authorised representative of Greatwalle Inc. (a company listed on GEM of the Stock Exchange, stock code: 08315), which engaged in, among others, security guarding, property management, business advisory and asset management services. From May 2013 to August 2020, Ms. Pang was the executive director and chief financial officer of Shenzhen Great Walle Investment Corp., Ltd.* (深圳長城匯理投資股份有限公司). Since November 2022, Ms. Pang has been acting as an executive director and general manager of Shenzhen Luchi Nanjiang Private Equity Fund Management Co.* (深圳鹿馳南疆私募股權投資基金管理有限公司), responsible for overall operation of the company.

As at the date of this annual report, Ms. Pang is interested in 410,000 shares of the Company, representing approximately 0.07% of the total issued shares in the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS (cont'd)

Ms. Zhang Wenjuan

Ms. Zhang Wenjuan, aged 37, joined the Group in December 2023. Ms. Zhang has over seven years of experience in electric power industry. Ms. Zhang obtained a bachelor of business in hotel management from the Griffith University in Australia in December 2012.

Before joining the Company, from March 2020 to February 2023, Ms. Zhang served as an officer of the strategic development department in Hua Zhong State Power Group Co., Ltd. (Beijing Branch)*（華中國電電力集團有限公司）（北京分公司）, which engaged in, among others, purchase and sale of electricity, construction and operation of power grids, substations and power facilities, research and development related to power supply, new energy development and power engineering. From January 2016 to December 2019, Ms. Zhang served as a marketing management specialist（營銷管理專員）of the technical department in Beijing Ecom-Rise Energy Technology Co., Ltd.*（北京意科瑞思能源技術有限公司）, which engaged in, among others, supply of new energy and industrial electricity. From March 2013 to December 2015, Ms. Zhang served as a clerk in Guodian Zhongshang Suniteyou Banner Windpower Co.*（國電中商蘇尼特右旗風電有限公司）, which engaged in, among others, development, construction, operation, maintenance and management of wind and solar farms.

SENIOR MANAGEMENT

Ms. Lam Kit Yan

Ms. Lam Kit Yan, aged 49, joined the Group in 2016 and employment terminated in May 2025. She is the company secretary and chief financial officer of the Company, responsible for compliance matters of the Company and financial management of the Group. She is a fellow member of the Hong Kong Institute of Certified Public Accountants, a certified tax adviser and is a fellow member of The Taxation Institute of Hong Kong. She obtained a bachelor's degree in business administration from The Chinese University of Hong Kong and has worked for international audit firms and various companies with extensive experience in financial reporting, auditing, mergers and acquisitions, compliance and initial public offerings. From July 2017 to May 2024, she was appointed as an independent non-executive director of Lapco Holdings Limited（立高控股有限公司）, shares of which are listed on GEM Board of the Stock Exchange (stock code: 08472). She had been the company secretary, chief financial officer and the authorized representative of Beijing Enterprises Clean Energy Group Limited（北控清潔能源集團有限公司）(formerly known as Jin Cai Holdings Company Limited（金彩控股有限公司）) (stock code: 1250) the issued shares of which are listed on the Main Board of the Stock Exchange from June 2013 to May 2015. From January 2016 to February 2016, Ms. Lam has been appointed as an executive director and company secretary of Aurum Pacific (China) Group Limited（奧栢中國集團有限公司）(Stock code: 08148), whose shares are listed on GEM of the Stock Exchange.

Mr. Lam Yiu Chung Billy

Mr. Lam Yiu Chung Billy, aged 55, joined the Group in 2010 and resigned in May 2024. He is responsible for the operation of overseas business and development as well as the operation and development of Japanese food service of the Group. Prior to joining the Group, he has acquired substantial experience in the operation and management of hospitality industry especially in franchise operations and development. Mr. Lam holds a Higher Diploma in Hotel and Catering Management from The Hong Kong Polytechnic.

Mr. Chan Chiu Kin

Mr. Chan Chiu Kin, aged 40, is currently a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company, Mr. Chan had worked for international accounting firms and as a company secretary and a financial controller for listed company in Hong Kong with over 10 years of experience in accounting, auditing, finance and company secretary matters.

* *For identification only*

The Directors are pleased to present to the shareholders their annual report together with the audited consolidated financial statements for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company during the year ended 31 March 2025 was investment holding and those of the subsidiaries are set out in note 12 to the consolidated financial statements. The principal activities of the Group are provision of food and beverage services.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Hong Kong Companies Ordinance**"), including a review of the Group's business, a description of the principal risks and uncertainties faced by the Group and an indication of likely future development in the Group's business can be found in the section headed "Management Discussion and Analysis" on pages 41 to 53 of this annual report. A description of the Group's corporate governance and the Group's risk management and internal control systems is provided in the section headed "Corporate Governance Report" on pages 5 to 22 of this annual report. A discussion on the Group's environmental policies, relationships with its key stakeholders and the relevant laws and regulations that have a significant impact on the Group are provided in the section headed "Environmental, Social and Governance Report" on pages 23 to 40 of this annual report. This discussion forms part of this Directors' report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2025 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 73 to 152.

The Directors do not recommend the payment of any dividend in respect of the Reporting Period.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 26 September 2025 and a notice convening the AGM will be published on the websites of the Company and the Stock Exchange in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23 September 2025 to Friday, 26 September 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for exercising the voting rights of shareholders of the Company at the AGM, all transfers accompanied by the relevant share certificate(s), must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 22 September 2025.

DIVIDEND POLICY

The Company has adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company may declare and distribute dividends to the shareholders of the Company to allow them to share the Company's profits and for the Company to retain adequate reserves for future growth.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders of the Company. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's financial results, the general financial condition of the Group, the Group's current and future operations, the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants, liquidity position and capital requirement of the Group, surplus received from the Company's subsidiaries and any other factors that the Board deems appropriate. The Company's ability to pay dividends is also subject to any restrictions under the Cayman Islands laws, any applicable laws, rules and regulations and the Company's articles of association. The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

FINANCIAL SUMMARY

The summary of the results of the Group for each of the five years ended 31 March 2025 and the assets and liabilities of the Group as at 31 March 2021, 2022, 2023, 2024 and 2025 are set out on pages 153 to 154. This summary does not form part of the audited financial statements.

PLANT AND EQUIPMENT

The Group purchased and disposed of plant and equipment in the amount of approximately HK$13,000 and approximately HK$Nil, respectively, during the Reporting Period. Detailed movements in plant and equipment of the Group are set out in note 11 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 27(a) to the consolidated financial statements.

CONVERTIBLE BONDS

Details of the convertible bonds are set out in note 26 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 77 and note 28 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2025, the Company's reserves that are available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to HK$Nil (2024: HK$Nil).

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance or contract of significance for the provision of services had been entered into between the Company or any of its subsidiaries and the controlling shareholders during the year ended 31 March 2025.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest subsisted at the end of the year or at any time during the year ended 31 March 2025.

DIRECTORS' RIGHT TO PURCHASE SHARES OR DEBENTURE

During the year ended 31 March 2025 , the Company has not given Directors or their respective spouse or children under the age of 18 the rights to purchase the Shares or debentures of the Company to obtain benefit, nor did they exercise any such rights; nor have any arrangements been made by the Company or any of its subsidiaries to entitle such rights to the Directors or their respective spouse or children under the age of 18 in any other body corporate.

CONNECTED TRANSACTIONS

During the year ended 31 March 2025, the Company had not entered into any connected transaction or continuing connected transaction which is required to be disclosed under Chapter 20 of the GEM Listing Rules.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company who held office during the Reporting Period and up to the date of this report were:

Executive Directors

Mr. Zhang Tao
Mr. Li Hongchen

Independent non-executive Directors

Mr. Chan Yee Ping Michael
Ms. Pang Xiaoli
Ms. Zhang Wenjuan

In accordance with the articles of association of the Company, any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company. And in accordance with the articles and association of the Company and the GEM Listing Rules, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. As such, Mr. Zhang Tao and Mr. Li Hongchen shall all be subject to retirement by rotation and, being eligible, shall offer themselves for re-election at the annual general meeting of the Company.

The term of independent non-executive directorship of Mr. Chan Yee Ping Michael in respective of his letter of re-appointment is one year from 8 November 2024 to 7 November 2025. The term of independent non-executive directorships of both Ms. Pang Xiaoli and Ms. Zhang Wenjuan in respective of their letter of appointment is one year from 11 December 2024 to 10 December 2025 unless terminated by either party giving to the other not less than one month's notice in writing.

The executive Directors, Mr. Zhang Tao had entered into service contracts to renew his appointment for another one year from 1 June 2025 to 31 May 2026, and Mr. Li Hongchen, had entered into service contract for one year commencing from 28 July 2024 to 27 July 2025. The said services contracts are renewable thereafter subject to compliance with relevant laws and regulations including the GEM Listing Rules and may be terminated by either party thereto at any time by giving the other party not less than one month's written notice.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has signed service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

Each of the independent non-executive Directors has confirmed his independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules as at 31 March 2025 and the Company considers the independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 54 to 56 of this annual report.

SHARE OPTIONS

Share Option Schemes

The Company has adopted share option schemes on 26 February 2003 which expired on 25 February 2013, on 20 July 2012 which expired on 19 July 2022, and on 22 September 2023 (the "**Adoption Date**") (the "**New Share Option Scheme**"), respectively (collectively, the "**Share Option Schemes**"). The terms of the New Share Option Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the New Share Option Scheme:

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or application or effect shall (save as otherwise provided in the New Share Option Scheme and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(A) Purpose

The New Share Option Scheme is to recognize and acknowledge the contributions made by Eligible Option Participants (as defined below) and, to provide additional incentive to motivate Eligible Option Participants and to enhance the Group's success. The New Share Option Scheme will give the Eligible Option Participants an opportunity to have a personal stake in the Group and will help motivate the Eligible Option Participants in optimizing their performance and efficiency and attract and retain the Eligible Option Participants whose contributions are important to the long-term growth and profitability of the Group.

(B) Duration

Subject to any early termination as may be determined by the Board pursuant to the scheme rules of the New Share Option Scheme, the New Share Option Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

(C) Eligible Option Participants

The Eligible Option Participants of the New Share Option Scheme include: (a) the director(s) and employee(s) (whether full-time or part-time) of any member of the Group (including persons who are granted options under the New Share Option Scheme as inducement to enter into employment contracts with the Group (the "**Employee Participant(s)**"); and (b) person(s) who provide services to any members of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, which include any independent contractor, supplier, agent, consultant or adviser to any area of business or business development of the Group, but exclude any placing agent or financial adviser providing advisory services for fundraising, mergers or acquisitions, and other professional services provider such as auditor or valuer (the "Service Provider(s)"), provided that the Board may have absolute discretion to determine whether or not one falls within the above categories.

SHARE OPTIONS (cont'd)

Share Option Schemes (cont'd)

(D) Maximum Number of Shares Available for Issue

The maximum number of Shares which may be allotted and issued in respect of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the entire issued share capital of the Company as at the Adoption Date without the Shareholders' approval, which is 52,077,187 Shares. At the date of this annual report, a total of 55,505,578 Shares, representing 10% of the issued share capital of the Company (excluding treasury shares), are available for issue under the Share Option Scheme. The Service Provider sublimit of the New Share Option Scheme will be 1% of total number of the issued Shares as of the Adoption Date.

(E) Maximum Entitlement of Each Eligible Option Participant

Where any grant of options to an Eligible Option Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such Eligible Option Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Eligible Option Participant and his/her close associates (or associates if the Eligible Option Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Option Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Option Participant in the twelve (12)-month period), the purpose of granting options to the Eligible Option Participant, an explanation as to how the terms of the options serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Option Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(F) Grant and Acceptance of Options

An option may be exercised in accordance with the scheme rules of the New Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof. An offer for the grant of options shall remain open for acceptance for a period of twenty-one days, including the day in which the offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of the option is HK$1.0. No performance target is required to be reached by the participant before any option can be exercised.

(G) Vesting Period

Save for the circumstances prescribed in the New Share Option Scheme, an option must be held by the grantee for at least 12 months before the Option can be exercised.

SHARE OPTIONS (cont'd)

Share Option Schemes (cont'd)

(H) Subscription Price of Shares

The subscription price for Shares to be subscribed under the New Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of: (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five consecutive Business Days immediately preceding the Offer Date; and (c) the nominal value of the Share on the Offer Date.

No share option was granted, exercised, lapsed or cancelled during the Reporting Period (2024: Nil) and as at 31 March 2025, there was no outstanding share option.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2025, so far as the Directors were aware, the interests, short positions or long positions of the directors and the chief executives of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) (i) 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 which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares of the Company

Name	Capacity in which interests are held	Number of Shares held	Approximate percentage of the Company's issued voting Shares *(Note 1)* %
Ms. Pang Xiaoli	Beneficial owner	410,000	0.07

Notes:

(1) Based on 555,057,588 ordinary Shares of the Company in issue as at 31 March 2025.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (cont'd)

Long positions in Shares of the Company (cont'd)

Save as disclosed above, as at 31 March 2025, so far as the Directors were aware, none of the Directors and the chief executives of the Company had any interest, short position or long position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) 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, short positions and long positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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.

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

As at 31 March 2025, according to the register kept by the Company pursuant to section 336 of the SFO, so far as the Directors were aware, the following persons (other than the Directors whose interests are disclosed above) had, or were deemed or taken to have, an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares of the Company

Name of shareholders	Capacity in which interests were held	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares	Approximate percentage of the Company's issued voting shares *(Note 4)* %
Oceanic Fortress Holdings Limited *(Note 1)*	Beneficial owner	296,887,066	–	296,887,066	53.49
Ms. Huang Li *(Note 1)*	Interest of corporation controlled by Ms. Huang Li	296,887,066	–	296,887,066	53.49
	Beneficial owner	5,280,000	–	5,280,000	0.95
Mr. Tang Sing Ming Sherman *(Note 2)*	Beneficial owner	–	71,428,571	71,428,571	12.87
Ms. Ho Ming Yee *(Note 3)*	Interest of a substantial shareholder's spouse	–	71,428,571	71,428,571	12.87

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (cont'd)

Long positions in shares of the Company (cont'd)

Notes:

(1) 296,887,066 shares are held by Oceanic Fortress Holdings Limited, the entire issued shares of which are owned by Ms. Huang Li.

(2) Mr. Tang Sing Ming Sherman holds the convertible bonds in respect of the outstanding principal amount of HK$40,000,000, under which a total of 71,428,571 ordinary shares would be issued upon full exercise of the conversion rights attaching thereto. Upon full conversion of the convertible bonds, Mr. Tang Sing Ming Sherman would hold 71,428,571 ordinary shares, representing approximately 12.87% of the issued share capital of the Company as at 31 March 2025.

(3) Ms. Ho Ming Yee is the spouse of Mr. Tang Sing Ming Sherman, and is therefore deemed to be interested in the same number of shares held by Mr. Tang Sing Ming Sherman.

(4) Based on 555,057,588 ordinary shares of the Company in issue as at 31 March 2025.

Save as disclosed above, as at 31 March 2025, so far as the Directors were aware, the Directors were not aware of any person (other than the Directors whose interests are disclosed above) who had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such capital.

SUFFICIENCY OF PUBLIC FLOAT

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

PERMITTED INDEMNITY PROVISION

Article 167(1) of the articles of association of the Company provides that every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. A Directors' liability insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

COMPETING INTERESTS

As at 31 March 2025, none of the Directors, the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group or had any other conflicts of interest with the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate amounts of revenue attributable to the Group's five largest customers was less than 30% (2024: less than 30%) of the Group's total revenue. And, the aggregate amounts of purchases attributable to the Group's five largest suppliers accounted for approximately 97% (2024: approximately 93%) and our single largest supplier accounted for approximately 85% (2024: approximately 79%) of the Group's total purchases.

None of the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) has any interest in the Group's five largest suppliers or customers during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the Reporting Period.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares (as defined under the GEM Listing Rules)). As of 31 March 2025, the Company did not hold any treasury shares.

PRE-EMPTIVE RIGHTS

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

EVENTS AFTER THE REPORTING PERIOD

No important events affecting the Group occurred since 31 March 2025 and up to the date of this annual report.

AUDITOR

Following the resignation of PKF Hong Kong Limited as the auditor of the Company on 25 April 2024, KTC Partners CPA Limited was appointed as the new auditor of the Company with effect from 25 April 2024 to fill the casual vacancy, and to hold office until the conclusion of the next AGM.

KTC Partners CPA Limited retire and, being eligible, offer themselves for re-appointment. A resolution to the re-appointment of KTC Partners CPA Limited is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Zhang Tao
Chairman

Hong Kong, 24 July 2025

KTC Partners CPA Limited
Certified Public Accountants (Practising)
中瑞和信會計師事務所有限公司

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STARGLORY HOLDINGS COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of StarGlory Holdings Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 73 to 152, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss, consolidated statement of 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 Group's consolidated financial position as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2(d) to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$22,280,000 for the year ended 31 March 2025, and as at 31 March 2025, the Group's current liabilities and total liabilities exceeded its current assets and total assets by approximately HK$111,230,000 and HK$130,728,000, respectively. These conditions, along with the other conditions described in Note 2(d) indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "Material uncertainties related to going concern" section of our report, we have determined to communicate in our report the following key audit matters for the year ended 31 March 2025.

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

The Group's impairment assessment of plant and equipment, right-of-use assets and intangible assets disclosed in notes 3(t)(ii), 11, 13, 15 and 17 to the consolidated financial statements were determined to be key audit matters due to the management's assessment of the value in use of the Group's cash-generating units ("**CGUs**") involved significant judgements and estimates about the future results and key assumptions.

Our procedures performed to address the matter included, amongst others:

- Obtain an understanding of the Group's procedures and method of estimation, including any control activities applied, significant assumptions made and management's assessment of estimation uncertainty;
- Evaluate the competence, independence and works performed by experts engaged by the management to assess their estimation;
- Evaluate the data used by the management in the estimation;
- Evaluate the composition of the Group's future cash flows forecasts in the CGUs;
- Evaluate whether the method of estimation and assumptions made are appropriate;
- Re-calculate the estimation made by the management;
- Review outcome of estimation made in prior period and management's judgements and decisions for possible management bias; and

KEY AUDIT MATTERS (cont'd)

Impairment assessment of plant and equipment, right-of-use assets and intangible assets (cont'd)

- Evaluate the disclosure made by management.

OTHER INFORMATION

The directors of the Company (the "**Directors**") are responsible for the other information which comprises the information included in the Group's annual report for the year ended 31 March 2025, other than 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance is 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, 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.

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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

– Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine 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.

KTC Partners CPA Limited
Certified Public Accountants (Practising)

Chow Yiu Wah, Joseph
Audit Engagement Director
Practicing Certificate Number: P04686

Hong Kong, 30 June 2025

Consolidated Statement of Profit or Loss

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	4	**37,416**	99,391
Cost of sales		**(21,312)**	(51,205)
Gross profit		**16,104**	48,186
Other income	5	**451**	850
Gain on disposal of subsidiaries	31	**–**	6,087
Share of result of an associate		**(368)**	–
Impairment of interest in an associate		**(2,996)**	(2,888)
Operating expenses		**(30,346)**	(64,252)
Operating loss		**(17,155)**	(12,017)
Finance costs	6(a)	**(5,125)**	(3,906)
Loss before income tax	6	**(22,280)**	(15,923)
Income tax expenses	8(a)	**–**	(381)
Loss for the year		**(22,280)**	(16,304)
Loss for the year attributable to:–			
Owners of the Company		**(22,280)**	(16,205)
Non-controlling interests		**–**	(99)
		(22,280)	(16,304)
Loss per share (HK cents)	10		
– Basic		**(4.22)**	(3.11)
– Diluted		**(4.22)**	(3.11)

The notes on pages 80 to 152 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
Loss for the year	**(22,280)**	(16,304)
Other comprehensive income/(loss):–		
Items that may be subsequently reclassified to profit or loss:–		
Exchange gain arising from translation of financial statements of foreign operations	**100**	920
Release of exchange reserve upon disposal of subsidiaries	**–**	(2,290)
Other comprehensive income/(loss) for the year, net of tax	**100**	(1,370)
Total comprehensive loss for the year	**(22,180)**	(17,674)
Total comprehensive loss for the year attributable to:–		
Owners of the Company	**(22,180)**	(16,439)
Non-controlling interests	**–**	(1,235)
	(22,180)	(17,674)

The notes on pages 80 to 152 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS			
Plant and equipment	11	**1,584**	1,437
Right-of-use assets	13	**2,619**	6,668
Intangible assets	15	**4,671**	5,077
Interest in an associate	16	**1,461**	4,825
		10,335	18,007
CURRENT ASSETS			
Inventories	19	**65**	247
Debtors, deposits and prepayments	20	**11,484**	15,056
Cash and cash equivalents	21	**24,397**	21,233
		35,946	36,536
DEDUCT:–			
CURRENT LIABILITIES			
Creditors and accruals	22	**37,379**	30,746
Other loans	23	**106,321**	108,549
Contract liabilities	24	**536**	856
Lease liabilities	25	**2,940**	5,877
Convertible bonds	26	**–**	40,000
		147,176	186,028
NET CURRENT LIABILITIES		**(111,230)**	(149,492)

Consolidated Statement of Financial Position

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**(100,895)**	(131,485)
NON-CURRENT LIABILITIES			
Lease liabilities	25	**536**	1,732
Convertible bonds	26	**29,297**	–
		29,833	1,732
NET LIABILITIES		**(130,728)**	(133,217)
REPRESENTING:–			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	27	**44,405**	41,662
Reserves	28	**(175,133)**	(174,879)
TOTAL EQUITY		**(130,728)**	(133,217)

The notes on pages 80 to 152 form part of these consolidated financial statements.

Approved and authorized for issue by the Board of Directors on 30 June 2025 and are signed on its behalf by

Zhang Tao
Director

Li Hongchen
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Attributable to owners of the Company								
	Share capital HK$'000	Accumulated losses HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Convertible bonds equity reserve and other reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 31.3.2023 and 1.4.2023	41,662	(423,802)	258,889	3,801	1,265	1,407	(116,778)	(2,010)	(118,788)
Disposal of subsidiaries - Note 31	–	–	–	–	–	–	–	3,245	3,245
Total comprehensive loss									
Loss for the year	–	(16,205)	–	–	–	–	(16,205)	(99)	(16,304)
Other comprehensive income:–									
Exchange gain/(loss) arising from translation of financial statements of foreign operations	–	–	–	–	2,056	–	2,056	(1,136)	920
Release of exchange reserve upon disposal of subsidiaries - Note 31	–	–	–	–	(2,290)	–	(2,290)	–	(2,290)
Total comprehensive loss for the year	–	(16,205)	–	–	(234)	–	(16,439)	(1,235)	(17,674)
At 31.3.2024	41,662	(440,007)	258,889	3,801	1,031	1,407	(133,217)	–	(133,217)
At 31.3.2024 and 1.4.2024	41,662	(440,007)	258,889	3,801	1,031	1,407	(133,217)	–	(133,217)
Issue of shares - Note 27(a)	2,743	–	9,257	–	–	–	12,000	–	12,000
Transaction costs attributable to issue of shares	–	–	(295)	–	–	–	(295)	–	(295)
Extension of convertible bonds	–	–	–	–	–	12,964	12,964	–	12,964
Total comprehensive loss									
Loss for the year	–	(22,280)	–	–	–	–	(22,280)	–	(22,280)
Other comprehensive income:–									
Exchange gain arising from translation of financial statements of foreign operations	–	–	–	–	100	–	100	–	100
Total comprehensive loss for the year	–	(22,280)	–	–	100	–	(22,180)	–	(22,180)
At 31.3.2025	44,405	(462,287)	267,851	3,801	1,131	14,371	(130,728)	–	(130,728)

The notes on pages 80 to 152 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(22,280)**	(15,923)
Adjustments for:–		
Exchange gain, net	**–**	(241)
Gain on disposal of subsidiaries	**–**	(6,087)
Share of result of an associate	**368**	–
Impairment of interest in an associate	**2,996**	2,888
Reversal of impairment on trade debtors	**–**	(205)
Interest income	**(407)**	(379)
Interest expenses on other loans	**1,174**	1,174
Interest expense on convertible bonds	**3,067**	800
Interest expense on lease liabilities	**316**	663
Imputed interest expenses on reinstatement provision	**8**	–
Depreciation of plant and equipment	**596**	2,183
Depreciation of right-of-use assets	**7,200**	8,313
Amortization of intangible assets	**406**	830
Bank charges	**560**	1,269
Operating loss before working capital changes	**(5,996)**	(4,715)
Decrease in inventories	**182**	122
Decrease in debtors, deposits and prepayments	**3,572**	4,679
Increase in creditors and accruals	**4,645**	13,120
Decrease in contract liabilities	**(320)**	(298)
Cash generated from operations	**2,083**	12,908
Interest received	**65**	167
Bank charges paid	**(560)**	(1,269)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**1,588**	11,806

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash outflow arising from acquisition of an associate		**–**	(7,721)
Net cash outflow arising on disposal of subsidiaries	31	**–**	(506)
Payment for purchase of plant and equipment		**(13)**	(522)
Payment for new product development cost		**–**	(2,934)
NET CASH USED IN INVESTING ACTIVITIES		**(13)**	(11,683)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal element of lease liabilities paid		**(6,830)**	(14,079)
Addition in other loans		**7,109**	8,125
Repayment of other loan		**(9,180)**	(4,542)
Interest element of lease liabilities paid		**(316)**	(663)
Proceed from issue of shares, net of transaction costs		**11,705**	–
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**2,488**	(11,159)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4,063**	(11,036)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		**21,233**	31,390
EFFECT OF EXCHANGE RATES CHANGES		**(899)**	879
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	21	**24,397**	21,233
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**24,397**	21,233
		24,397	21,233

The notes on pages 80 to 152 form part of these consolidated financial statements.

1. GENERAL INFORMATION

StarGlory Holdings Company Limited (the "**Company**") was incorporated in the Cayman Islands on 13 November 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The principal place of its business is 6/F., Southland Building, 48 Connaught Road Central, Central, Hong Kong. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the provision of food and beverage services. The Directors consider the immediate holding company and ultimate holding company of the Group as at 31 March 2025 to be Oceanic Fortress Holdings Limited, a company incorporated in British Virgin Islands, and the ultimate controlling party of the Group as at 31 March 2025 to be Ms. Huang Li ("**Ms. Huang**" or the "**Controlling Shareholder**").

The Company is listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS Accounting Standards**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations ("**HK(IFRIC) – Int**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**").

(b) Initial application of HKFRS Accounting Standards

In the current year, the Group applied the following amendments to HKFRS Accounting Standards for the first time:–

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

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

2. BASIS OF PREPARATION (cont'd)

(c) HKFRS Accounting Standards in issue but not yet effective

The following new and amendments to HKFRSs in issue at 31 March 2025 have not been applied in the preparation of these consolidated financial statements since they were not yet effective for the annual period beginning on 1 April 2024:–

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

2. BASIS OF PREPARATION (cont'd)

(d) Adoption of the going concern basis

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on a going concern basis notwithstanding that as at 31 March 2025, the Group had net current liabilities and net liabilities of approximately HK$111,230,000 and HK$130,728,000 respectively as the Directors have taken into consideration the following factors:–

(1) Ms. Huang, being the sole beneficial owner of the ultimate holding company of the Group, has agreed to provide continuing financial support to the Group; and

(2) On 11 June 2025, Mr. Tang Sing Ming Sherman ("**Mr. Tang**"), as a lender, who is also the sole beneficial owner of the convertible bonds ("**Convertible Bonds**") issued by the Company, signed a memorandum of loans with a subsidiary of the Company, pursuant to which repayment date of a loan from Mr. Tang with an outstanding balance of principal and interest of approximately HK$100,606,000 as at 31 March 2025 was extended (the "**Extension**") from 22 June 2025 to 22 June 2026 (the "**Extended Loan**"). The Extended Loan bears the same term after the Extension.

(3) Subsequent to 31 March 2025, a major supplier of the Group whom the Group owed an amount of approximately HK$21,581,000 as at 31 March 2025, which was included in trade creditors under creditors and accruals as set out in note 22, has agreed not to demand for repayment of the amounts owed by the Group before 30 June 2026.

After taking into consideration of the above factors and funds expected to be generated internally from plans and measures being implemented by the Group to improve the financial performance and liquidity position of the Group, and based on the Directors' estimation of the future cash flows of the Group, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis. However, the eventual outcome of these plans and measures cannot be determined with certainty. Therefore there exists material uncertainty related to the conditions described above which may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. BASIS OF PREPARATION (cont'd)

(d) Adoption of the going concern basis (cont'd)

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3. MATERIAL ACCOUNTING INFORMATION

(a) Measurement basis

The consolidated financial statements are prepared under the historical cost basis.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the subsidiaries controlled by the Company.

Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the owners of the Company.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(c) Revenue recognition

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

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

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service. Revenues of the Group are recognized in profit or loss as follows:–

– Revenue from provision of food and beverage services including services charges is recognized at a point in time when catering services are provided.

– Revenue from the sales of cakes and healthcare products is recognized when control of the products has transferred, being at the point the products are delivered to the customer's premise and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales order, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts and returns.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(c) Revenue recognition (cont'd)

– Interest income is recognized as it accrues using the effective interest method. For financial assets measured at amortized cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset (Note 3(i)).

Accounting policy in respect of contract liability is further disclosed in Note 3(m).

(d) Plant and equipment and depreciation

Plant and equipment including the right-of-use assets arising from leases of the underlying plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance, are charged to profit or loss in the year in which they are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the plant and equipment, the expenditure is capitalized as an additional cost of the asset.

Depreciation is calculated to write down the cost of plant and equipment to their estimated residual values on a straight-line basis over their estimated useful lives at the following annual rates and bases:–

Furniture, fixtures and equipment	10% to 50% or over the lease term whichever is shorter
Leasehold improvement	Over the lease term
Right-of-use assets – Leasehold properties	Over the lease term

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(d) Plant and equipment and depreciation (cont'd)

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

Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss on the date of retirement or disposal.

(e) Intangible assets (other than goodwill)

Intangible assets are stated at cost less accumulated amortization and impairment losses.

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

Development costs are capitalized only when it can be demonstrated that completing the development is technically and financially feasible, the product under development will generate probable future economic benefits through sale or use, and the development expenditure can be measured reliably. Development costs which do not meet these criteria are expensed when incurred.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(e) Intangible assets (other than goodwill) (cont'd)

Amortization is calculated to write off the costs of intangible assets over their estimated useful lives on a straight line basis as follows:–

Trademark acquired	5 to 20 years
Franchise rights acquired	5 to 20 years

(f) Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception date, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

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

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(f) Leases (cont'd)

***As a lessee** (cont'd)*

Right-of-use assets

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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.

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognizes 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.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(f) Leases (cont'd)

***As a lessee** (cont'd)*

Lease liabilities (cont'd)

The lease payments include:

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

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expense in the period in which the event or condition that triggers the payment occurs.

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

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

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

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(g) Interests in subsidiaries

Interests in subsidiaries are stated in the Company's statement of financial position at cost less any identified impairment loss. Income from subsidiaries is recognized in the Company's financial statements on the basis of dividends declared by the subsidiaries.

(h) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

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

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(i) Financial assets

Classification

The Group classifies its financial assets to be measured at amortized cost.

Recognition and derecognition

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

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

Measurement

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

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(i) Financial assets (cont'd)

Impairment of financial assets

The Group applies the expected credit loss ("**ECL**") model to financial assets measured at amortized cost, including trade debtors and other debtors, time deposits and cash and cash equivalents. Financial assets measured at fair value are not subject to the ECL assessment.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade debtors and other debtors and time deposits: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:–

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the end of reporting; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(i) Financial assets (cont'd)

Impairment of financial assets *(cont'd)*

Loss allowances for trade debtors are always measured at an amount equal to lifetime ECLs. ECLs on trade debtors are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period.

For all other financial instruments (including other debtors, time deposits and cash and cash equivalents), the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

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

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

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(i) Financial assets (cont'd)

Significant increases in credit risk *(cont'd)*

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

Definition of default

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

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

Basis of calculation of interest income

Interest income recognized (Note 3(c)) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Credit-impaired financial assets

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:–

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– the disappearance of an active market for a security because of financial difficulties of the issuer.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(i) Financial assets (cont'd)

Write-off policy

The gross carrying amount of a financial asset 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 recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Measurement and recognition of ECLs

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

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

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

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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors where the corresponding adjustment is recognized through a loss allowance account.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(j) Impairment of plant and equipment, other intangible assets (other than goodwill) and right-of-use assets

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

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(k) Provisions

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

(l) Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Derecognition of financial liabilities

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

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(m) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (Note 3(c)). A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue.

(n) Convertible bonds that contain an equity component

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both liability component and equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognized as the liability component is recognized as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortized cost. The interest expense recognized in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognized in the convertible bonds equity reserve until either the note is converted or redeemed. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to accumulated profit or loss. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

If any bonds are converted, the convertible bonds equity reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the convertible bonds equity reserve is released directly to accumulated profit or loss.

The liability component (or part of the liability component) of the convertible bonds is derecognized when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expired.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(n) Convertible bonds that contain an equity component (cont'd)

A significant modification of the terms of the convertible bonds is accounted for as recognition of a new compound instrument and an extinguishment of the original compound instrument before maturity. The difference between the carrying amount of the original liability component extinguished and its fair value at the date of modification is recognized in profit or loss. The difference between the fair value at the date of modification of the original liability component extinguished and the fair value of the newly recognized liability component is recognized in the convertible bonds equity reserve. The carrying amount of the equity component of the original compound instrument extinguished is released from convertible bonds equity reserve to accumulated profit or loss.

When the contractual terms of convertible bonds are modified and the revised terms would not result in a significant modification from the original terms, for any modification gain on the convertible bonds issued to the former substantial shareholder, all gains from the modification have been accounted for as equity transactions with the former substantial shareholder. The difference between the original carrying amounts of the convertible bonds and the fair value of the convertible bonds on date of the modification is recognised in convertible bonds equity reserve.

(o) Employee benefits

Salaries, annual bonuses and annual leave entitlements are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to defined contribution retirement plans are recognized as an expense in profit or loss as incurred.

Termination benefits are recognized when, and only when, the Group demonstrably commits itself to terminate employment or provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

The fair value of share options granted to employees measured at the grant date and is adjusted for the estimated number of shares that will eventually be vested is recognized as an employee cost on a straight-line basis over the vesting period, with a corresponding increase in an employee share-based compensation reserve.

For the purposes of diluted earnings per share, the exercise price of the options is adjusted for the cost of employee services to render in the remaining vesting period.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(p) Borrowing costs (cont'd)

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(q) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes profit or loss items that are never taxable and deductible.

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

Deferred tax liabilities are recognized for taxable temporary differences associated with 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. Deferred tax assets arising from deductible temporary differences associated are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(q) Income tax (cont'd)

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Deferred tax is charged or credited to profit or loss, except when it relates to items recognized in other comprehensive income or directly to equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not material individually may be aggregated if they share a majority of these criteria.

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group has two business segments for current year (2024: two).

(t) Critical accounting estimate and judgements

Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, management makes various estimates based on past experiences, expectations of the future and other information. The key sources of estimation uncertainty that may significantly affect the amounts recognized in the consolidated financial statements are disclosed below:–

(i) Estimated useful lives of tangible and intangible assets with definite useful lives

The Group estimates the useful lives of tangible and intangible assets based on the periods over which the assets are expected to be available for use. The Group reviews annually their estimated useful lives, based on factors that include asset utilization and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of tangible and intangible assets would increase depreciation charges and decrease non-current assets.

3. MATERIAL ACCOUNTING INFORMATION (cont'd)

(t) Critical accounting estimate and judgements (cont'd)

***Key sources of estimation uncertainty** (cont'd)*

(ii) Impairment of plant and equipment, intangible assets and right-of-use assets

Plant and equipment, intangible assets (other than goodwill) and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including growth rates in turnover, gross margins, operating cost to turnover ratio and an appropriate discount rate. Changing the assumptions and estimates (including the discount rates or the growth rate) in the cash flow projections, could materially affect the recoverable amounts.

Details of the impairment assessment on plant and equipment, other intangible assets and right-of-use assets are disclosed in Note 17.

(iii) ECL for trade and other debtors

The ECL for financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 35(a) to the consolidated financial statements.

(iv) Going concern

Management makes an assessment of the Group's ability to continue as a going concern when preparing the consolidated financial statements. As disclosed in Note 2(d) to the consolidated financial statements, the validity of the going concern assumptions depends upon the eventual outcome of various plans and measures, including the continuing financial support from Ms. Huang, who is the sole beneficial owner of the ultimate holding company; and extension of other loans, of which the repayment date was subsequently extended from 22 June 2025 to 22 June 2026.

4. REVENUE

Revenue represents invoiced value recognized in respect of provision of food and beverage services, sales of cakes, net of discounts and value-added tax, during the year. An analysis of the revenue recorded for the year is set out below:–

	2025 HK$'000	2024 HK$'000
Revenue from customers and recognized on a point in time basis		
– Provision of food and beverage services	**4,916**	20,786
– Sales of cakes	**32,500**	78,605
	37,416	99,391

(i) Performance obligations

Information about the Group's performance obligations is summarised below:

Provision of food and beverage services

The performance obligation is satisfied when the food and beverage services have been provided to customers. The Group's trading terms with its customers are mainly on cash, credit card and electronic settlement. The credit period is generally 2-60 days.

Sales of cakes

The performance obligation is satisfied upon delivery and acceptance of the products by the customers. The Group's trading terms with its customers are mainly on cash, credit card, electronic settlement and on credit. The credit period is generally 2 days.

(ii) Transaction price allocated to the remaining performance obligation for contract with customers

The Group has applied the practical expedient under HKFRS 15 so that transaction price allocated to unsatisfied performance obligations under contracts for provision of food and beverage services and sales of cakes are not disclosed as such contracts have an original expected duration of one year or less.

5. OTHER INCOME

	2025	2024
	HK$'000	HK$'000
Interest income – Note	**407**	379
Exchange gain, net	**–**	241
Miscellaneous items	**44**	230
	451	850

Note:–

Amount included imputed interest income on rental deposits of HK$342,000 (2024: HK$212,200).

6. LOSS BEFORE INCOME TAX

	2025 HK$'000	2024 HK$'000
Loss before income tax is arrived at after charging/(crediting):–		
(a) Finance costs:–		
Interest expenses on other loans	**1,174**	1,174
Interest expense on convertible bonds	**3,067**	800
Imputed interest expense on reinstatement provision	**8**	–
Interest expenses on lease liabilities	**316**	663
Other bank charges	**560**	1,269
	5,125	3,906
(b) Other items:–		
Amortization of other intangible assets	**406**	830
Depreciation of plant and equipment	**596**	2,183
Depreciation of right-of-use assets	**7,200**	8,313
Auditor's remuneration for audit services	**699**	650
Variable lease payment not included in the measurement of lease liabilities	**544**	539
Short-term lease expenses	**380**	2,569
Directors' remuneration – Note 7(a)	**1,028**	992
Other staff salaries and benefits	**12,402**	29,401
Retirement scheme contributions	**500**	1,281
Other staff costs	**12,902**	30,682
Cost of sales (including cost of purchases of HK$21,271,000 (2024: HK$51,205,000), other direct expenses and overhead cost of HK$41,000 (2024: Nil))	**21,312**	51,205
Impairment provision on other debtors	**–**	3,581
Reversal of long service payment	**(310)**	–
Reversal of impairment on trade debtors	**–**	(205)
Loss on disposal and written off of plant and equipment, net	**–**	606

7. DIRECTORS' REMUNERATIONS AND EMPLOYEES' EMOLUMENTS

(a) Pursuant to the GEM Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, details of remunerations paid by the Group to the Directors during the year are as follows:–

	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000	Retirement scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
2025					
Executive Directors:–					
Mr. Zhang Tao (note iii)	–	–	–	–	–
Mr. Li Hongchen	240	237	11	–	488
	240	237	11	–	488
Independent non-executive Directors:–					
Mr. Chan Yee Ping Michael	180	–	–	–	180
Ms. Pang xiaoli	180	–	–	–	180
Ms. Zhang Wenjuan	180	–	–	–	180
	540	–	–	–	540
	780	237	11	–	1,028

7. DIRECTORS' REMUNERATIONS AND EMPLOYEES' EMOLUMENTS (cont'd)

(a) Pursuant to the GEM Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, details of remunerations paid by the Group to the Directors during the year are as follows:– (cont'd)

	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000	Retirement scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
2024					
Executive Directors:–					
Mr. Wu Xiaowen (resigned on 28 July 2023)	77	–	–	–	77
Ms. Huang Li (resigned on 1 June 2023)	40	–	–	–	40
Mr. Zhang Tao (appointed on 1 June 2023) (note iii)	–	–	–	–	–
Mr. Li Hongchen (appointed on 28 July 2023)	163	161	11	–	335
	280	161	11	–	452
Independent non-executive Directors:–					
Mr. Chan Yee Ping Michael	180	–	–	–	180
Mr. Zeng Shiquan (resigned on 4 July 2023)	47	–	–	–	47
Mr. Yang Haiyu (resigned on 28 July 2023)	58	–	–	–	58
Mr. Feng Xingwei (appointed on 4 July 2023 and resigned on 11 December 2023)	78	–	–	–	78
Ms. Liao Sijie (appointed on 28 July 2023 and resigned on 11 December 2023)	67	–	–	–	67
Ms. Pang xiaoli (appointed on 11 December 2023)	55	–	–	–	55
Ms. Zhang Wenjuan (appointed on 11 December 2023)	55	–	–	–	55
	540	–	–	–	540
	820	161	11	–	992

7. DIRECTORS' REMUNERATIONS AND EMPLOYEES' EMOLUMENTS (cont'd)

(a) Pursuant to the GEM Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, details of remunerations paid by the Group to the Directors during the year are as follows:– (cont'd)

(i) The executive Directors' remunerations shown above were for their services in connection with the management of the affairs of the Company and the Group.

(ii) The independent non-executive Directors' remunerations shown above were for their services as the Directors.

(iii) In the year ended 31 March 2025, Mr. Zhang Tao, one of the Directors, waived remunerations of HK$240,000 (2024: HK$200,000).

(b) Five highest paid individuals

The remuneration of employees who were not Directors during the year and who were amongst the five highest paid individuals of the Group are as follows:–

	2025 HK$'000	2024 HK$'000
Salaries, allowances and other benefits in kind	**3,145**	4,642
Performance related bonuses	**58**	166
Retirement scheme contributions	**69**	90
	3,272	4,898

The number of employees whose remuneration fell within the following band is as follow:–

	2025	2024
Nil – HK$1,000,000	**2**	2
HK$1,000,001 – HK$1,500,000	**2**	3

There was no remuneration paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2025 and 2024.

8. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:–

	2025 **HK$'000**	2024 HK$'000
Deferred tax expense	**–**	381
Income tax expense	**–**	381

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) The Company's subsidiaries incorporated/established in Hong Kong and the People's Republic of China ("**PRC**") are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax at the rates of 16.5% and 25% respectively (2024: Hong Kong – 16.5% and PRC – 25% respectively).

(b) The income tax expenses for the year can be reconciled to the loss before income tax per consolidated statement of profit or loss for the year as follows:–

	2025 **HK$'000**	2024 HK$'000
Loss before income tax	**(22,280)**	(15,923)
Tax effect at the Hong Kong profits tax rate of 16.5% (2024: 16.5%)	**(3,676)**	(2,627)
Tax rates differential	**(665)**	(148)
Tax effect of income that are not taxable	**(240)**	(1,158)
Tax effect of expenses that are not deductible	**2,485**	1,804
Tax effect of tax losses not recognized	**2,628**	1,717
Tax effect of temporary differences not recognized	**(532)**	793
Income tax expenses	**–**	381

8. INCOME TAX (cont'd)

(c) The components of unrecognized deductible/taxable temporary differences in certain subsidiaries of the Company were as follows:–

(i) The Group's total tax loss accumulated in its Hong Kong subsidiaries and PRC subsidiaries as at 31 March 2025 were approximately HK$81,163,000 (2024: HK$71,908,000) and RMB3,949,000 (2024: RMB34,782,000), respectively. These unrecognized tax losses accumulated in the Hong Kong subsidiaries of the Company can be carried forward indefinitely. The unrecognized tax losses accumulated in PRC subsidiaries can be carried forward for a maximum of five years. The unrecognized tax losses accumulated in PRC subsidiaries amounted to approximately RMB34,782,000 (2024: RMB5,436,000) were lapsed during the year. Deductible temporary differences in respect of these estimated unrecognised tax losses have not been recognized owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

9. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 March 2025 and 2024 nor up to the date of this report.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$22,280,000 (2024: HK$16,205,000) and the weighted average number of ordinary shares of 528,098,685 (2024: ordinary shares of (520,771,875) in issue during the years ended 31 March 2025 and 2024.

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since these potential ordinary shares have anti-dilutive effects on loss per share for both 2025 and 2024.

11. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost:–			
At 1.4.2023	11,029	12,472	23,501
Exchange adjustment	–	(18)	(18)
Additions	25	497	522
Disposal of subsidiaries – Note 31	–	(30)	(30)
Disposals and written off	(5,460)	(4,685)	(10,145)
At 31.3.2024	5,594	8,236	13,830
Accumulated depreciation:–			
At 1.4.2023	8,608	10,025	18,633
Exchange adjustment	–	(22)	(22)
Charge for the year	1,197	986	2,183
Disposal of subsidiaries – Note 31	–	(10)	(10)
Written back on disposals and written off	(5,460)	(4,685)	(10,145)
At 31.3.2024	4,345	6,294	10,639
Accumulated impairment:–			
At 1.4.2023 and 31.3.2024	889	865	1,754
Net book value:–			
At 31.3.2024	360	1,077	1,437
Cost:–			
At 1.4.2024	5,594	8,236	13,830
Exchange adjustment	–	(9)	(9)
Additions	–	13	13
Disposals and written off	(2,773)	(2,352)	(5,125)
At 31.3.2025	**2,821**	**5,888**	**8,709**
Accumulated depreciation:–			
At 1.4.2024	4,345	6,294	10,639
Exchange adjustment	(612)	(127)	(739)
Charge for the year	277	319	596
Written back on disposals and written off	(2,496)	(2,213)	(4,709)
At 31.3.2025	**1,514**	**4,273**	**5,787**
Accumulated impairment:–			
At 1.4.2024	889	865	1,754
Written back on disposal and written off	(277)	(139)	(416)
At 31.3.2025	**612**	**726**	**1,338**
Net book value:–			
At 31.3.2025	**695**	**889**	**1,584**

Details of impairment assessment are disclosed in note 17 to the consolidated financial statements.

12. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries are as follows:–

Name of company	Place of incorporation/ establishment and type of legal entity	Attributable equity interest hold % 2025 Directly	2025 Indirectly	2024 Directly	2024 Indirectly	Issued or paid up/ registered capital	Principal activities
Marvel Success Limited	BVI, limited liability company	100	–	100	–	US$1	Investment holding in Hong Kong
Epicurean Management (Asia) Limited	Hong Kong, limited liability company	–	100	–	100	HK$1	Provision of management services in Hong Kong
I. T. H. K. Limited ("**ITHK**")	Hong Kong, limited liability company	–	100	–	100	HK$300,000	Provision of food and beverage services, operation of restaurants and cake shops in Hong Kong
永曜星科技(深圳)有限公司 (formerly known as 榮暉企業管理 (深圳) 有限公司)	PRC, limited liability company*	–	100	–	100	RMB20,000,000 (registered RMB20,000,000)	Trading of healthcare products in the PRC
海韻彩科技 (深圳) 有限公司	PRC, limited liability company*	–	100	–	100	RMB12,300,000 (registered RMB14,000,000)	Investment holding in the PRC
睿行管理 (深圳) 有限公司	PRC, limited liability company*	–	100	–	–	RMB Nil (registered RMB500,000)	Provision of management services in PRC

* These subsidiaries are established as wholly foreign-owned enterprises under the PRC Law.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets or liabilities of the Group. To give details of other subsidiaries would in the opinion of the Directors, result in particulars of excessive length.

13. RIGHT-OF-USE ASSETS

	Leasehold properties HK$'000
Cost:–	
At 1.4.2023	52,798
Exchange adjustment	(30)
Additions	779
Expiry of leases arrangements	(26,793)
At 31.3.2024	26,754
Accumulated depreciation:–	
At 1.4.2023	32,033
Exchange adjustment	(8)
Charge for the year	8,313
Expiry of leases arrangements	(26,793)
At 31.3.2024	13,545
Accumulated impairment:–	
At 1.4.2023 and 31.3.2024	6,541
Net book value:–	
At 31.3.2024	6,668
Cost:–	
At 1.4.2024	26,754
Exchange adjustment	(13)
Additions	2,699
Expiry of leases arrangements	(16,700)
At 31.3.2025	**12,740**
Accumulated depreciation:–	
At 1.4.2024	13,545
Exchange adjustment	(465)
Charge for the year	7,200
Expiry of leases arrangements	(11,323)
At 31.3.2025	**8,957**
Accumulated impairment:–	
At 1.4.2024	6,541
Expiry of leases arrangements	(5,377)
At 31.3.2025	**1,164**
Net book value:–	
At 31.3.2025	**2,619**

13. RIGHT-OF-USE ASSETS (cont'd)

The Group has entered into lease agreements to obtain the right to use properties as its office premises, restaurants, cafés and cake shops and as a result recognized corresponding lease liabilities (Note 25). The leases (other than short-term leases) typically run for an initial period of 1 to 6 years. In determining the lease term, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Details of impairment assessment are disclosed in Note 17 to the consolidated financial statements.

Lease payments

Leases of restaurants, cafés and cake shops are either with only fixed lease payments or contain variable lease payment that are based on 10% to 15% (2024: 10% to 15%) of sales and minimum annual lease payments that are fixed over the lease term. The payment terms are common in restaurants, cafés and cake shops in the locations where the Group operates. Leases of office premises are with fixed lease payments only. The amounts of fixed and variable lease payments paid/payable to relevant lessors for the years ended 31 March 2025 and 2024 include:

2025

	Number of leases	Fixed payments HK'000	Variable payments HK'000	Total payments HK'000
Office premises without variable lease payments	5	2,391	–	2,391
Restaurants, cafés and cake shops with variable lease payments	16	4,857	544	5,401
Total	21	7,248	544	7,792

13. RIGHT-OF-USE ASSETS (cont'd)

Lease payments (cont'd)

2024

	Number of leases	Fixed payments HK'000	Variable payments HK'000	Total payments HK'000
Office premises and staff quarters without variable lease payments	8	2,092	–	2,092
Restaurants, cafés and cake shops without variable lease payments	1	642	–	642
Restaurants, cafés and cake shops with variable lease payments	33	17,741	539	18,280
Total	42	20,475	539	21,014

The overall financial effect of using variable payment terms is that higher rental costs are incurred by restaurants, cafés and cake shops with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of restaurants, cafés and cake shops sales in future years.

Short-term lease expenses

Information regarding short-term lease expenses are disclosed in Notes 6(b) and 32.

Restrictions or covenants on leases

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used by the Group as security for borrowing purposes.

Extension option

As of 31 March 2025 and 2024, no extension options were embedded in the lease arrangements.

14. GOODWILL

	2025 HK$'000	2024 HK$'000
Cost:–		
At the beginning of the year	**56,823**	59,388
Disposal of subsidiaries	**–**	(2,565)
At the end of the year	**56,823**	56,823
Accumulated impairment:–		
At the beginning of the year	**56,823**	59,388
Written-off on disposal	**–**	(2,565)
At the end of the year	**56,823**	56,823
Carrying amount:–		
At the end of the year	**–**	–

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. Before recognition of impairment losses, the gross carrying amount of goodwill had been allocated as follows:–

	2025 HK$'000	2024 HK$'000
Restaurants, cafés and cake shops	**56,823**	56,823

15. INTANGIBLE ASSETS

	Trademark HK$'000	Franchise rights HK$'000	Total HK$'000
Cost:–			
At 1.4.2023	2,347	22,531	24,878
Disposals	–	(450)	(450)
At 31.3.2024	2,347	22,081	24,428
Accumulated amortization:–			
At 1.4.2023	550	7,292	7,842
Charge for the year	–	830	830
Written back on disposals	–	(450)	(450)
At 31.3.2024	550	7,672	8,222
Accumulated impairment:–			
At 1.4.2023 and 31.3.2024	1,795	9,334	11,129
Net book value:–			
At 31.3.2024	2	5,075	5,077
Cost:–			
At 1.4.2024	2,347	22,081	24,428
Disposals	–	(135)	(135)
At 31.3.2025	**2,347**	**21,946**	**24,293**
Accumulated amortization:–			
At 1.4.2024	550	7,672	8,222
Charge for the year	–	406	406
Written back on disposals	–	(135)	(135)
At 31.3.2025	**550**	**7,943**	**8,493**
Accumulated impairment:–			
At 1.4.2024 and 31.3.2025	**1,795**	**9,334**	**11,129**
Net book value:–			
At 31.3.2025	**2**	**4,669**	**4,671**

Details of impairment assessment are disclosed in Note 17 to the consolidated financial statements.

16. INTEREST IN AN ASSOCIATE

	2025 HK$'000	2024 HK$'000
Unlisted investment:		
Share of net assets and goodwill	7,345	7,713
Impairment loss	(5,884)	(2,888)
	1,461	4,825

The following table shows information of an associate that is material to the Group. This associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRSs financial statements of the associate:

Name of associate	:	Weihai Qingying Precision Technology Company Limited 威海清影精工科技有限公司 (“**Weihai Qingying**”)
Principal place of business/ country of incorporation	:	The PRC
Principal activities	:	Production and sales of photovoltaics equipment and components

On 18 December 2023, Haiyuncai Technology (Shenzhen) Company Limited 海韻彩科技（深圳）有限公司（“**海韻彩**”）an indirectly wholly-owned subsidiary of the Company entered into a subscription agreement with 張濤 and 郭霜紅, independent third parties not connected with the Group to subscribe for 20% of the equity interests in Weihai Qingying by injecting RMB7,000,000. Immediately following the Subscriptions, 海韻彩,張濤 and 郭霜紅 shall hold approximately 20%, 64% and 16% of the entire equity interest of Weihai Qingying (the “**Subscription Agreement**”).

16. INTEREST IN AN ASSOCIATE (cont'd)

	2025	2024
% of ownership interests	**20%**	20%

	HK$'000	HK$'000
At 31 March:		
Non-current assets	**16,757**	16,776
Current assets	**5,539**	7,403
Current liabilities	**(11)**	(54)
Net assets	**22,285**	24,125
Group's share of net assets	**4,457**	4,825
Goodwill	**2,888**	2,888
	7,345	7,713
Impairment loss (Note)	**(5,884)**	(2,888)
Carrying amount of Group's interests	**1,461**	4,825

	1.4.2024 – 31.3.2025	18.11.2023 (date of subscription) – 31.3.2024
Revenue	**384**	32
Loss before tax	**(1,840)**	–
Other comprehensive income	**–**	–
Total comprehensive income	**–**	–
Dividends received from associate	**–**	–

Note:

Impairment of interest in an associate of approximately HK$2,996,000 (2024: HK$2,888,000) was made as the recoverable value of the associate company, Weihai Qingying, was lower than the carrying amount under subsequent impairment assessment due to making losses subsequent to the Group's acquisition of the associate and delays in commencing mass production.

In view of Weihai Qingying has delayed mass production and incurred loss during the year ended 31 March 2025 (2024: making loss subsequently and not yet commence mass production at 31 March 2024), the Directors have performed impairment assessment on Weihai Qingying. The recoverable amount of Weihai Qingying has been determined by International Valuation Limited ("**IVL**") based on fair value less costs of disposal ("**FVLCOD**").

16. INTEREST IN AN ASSOCIATE (cont'd)

Note: (cont'd)

As at 31 March 2025, the FVLCOD of Weihai Qingying are estimated by discounted cash flow approach. The recoverable amount calculation uses cash flow projections based on financial budgets approved by management of Weihai Qingying covering a 5-year period. The cash flows beyond the 5-year period are extrapolated using a steady 2% growth rate (2024: 2%). The post-tax discount rate uses for measuring the amount of FVLCOD was 15.9% per annum (2024: 8.3%). The discount rate adopted was by reference to WACC of comparable companies which were engaged in the similar business.

The other key assumptions for the FVLCOD calculation include 10% (2024: 10-40%) growth rate being applied for estimated revenue and budgeted net profit margin of 2-5% (2024: 8-19%). The budgeted production plan had been determined based on the management's expectation for the market development and expected production capacity of Weihai Qingying.

The FVLCOD of investment in Weihai Qingying is classified as level 3 fair value measurement. There was no change of fair value hierarchy during the years ended 31 March 2025 and 2024.

As a result of the impairment assessment, impairment loss of HK$2,996,000 had been recognised in respect of the investment in Weihai Qingying during the year ended 31 March 2025 (2024: HK$2,888,000) due to delay in the management's production plan and drop in projected revenue and net profit margin.

Apart from the considerations described above in determining the FVLCOD of investment in Weihai Qingying, the management is not currently aware of any other probable changes that would necessitate changes in their key assumptions. However, the estimate of recoverable amount of investment in Weihai Qingying is particularly sensitive to the estimated revenue and discount rate applied.

17. IMPAIRMENT ASSESSMENT

The non-financial assets of the Group subject to the impairment assessment for the years ended 31 March 2025 and 2024 were in relation to ITHK, which constitute the principal CGU of the Group and is primarily engaged in the operation of cake shops (2024: operation of a café and cake shops) in Hong Kong.

During the years ended 31 March 2025 and 2024, the Group has taken a series of cost control actions to mitigate the loss of sales from intense market competition. Based on the management's assessment, the corresponding recoverable amounts of certain plant and equipment, intangible assets and right-of-use assets associated with ITHK (collectively referred to as the "**ITHK CGU**") are marginally over the carrying amounts, indicating no impairment is required. No further impairments are recognized to write down the carrying amounts of these items of plant and equipment, other intangible assets and right-of-use assets.

The recoverable amount of the ITHK CGU has been determined based on a discounted cash flow approach to estimate the value-in-use. For the year ended 31 March 2025, the forecast period covered five-year period from the year ending 31 March 2026-2030 (the "**Forecast Period**") (2024: 31 March 2025-2029), and the financial forecasts used were based on the financial budgets approved by the senior management of the Company. The cash flow forecast for the period beyond of the Forecast Period (i.e. the year ending 31 March 2031 to the year ending 31 March 2035) is extrapolated using a long-term growth rate of 0% (2024: 0%).

17. IMPAIRMENT ASSESSMENT (cont'd)

The key assumptions used in determining the amount of the impairment loss and those adopted in the impairment review for the years ended 31 March 2025 and 2024 are as follows:–

Key assumptions	**Impairment review for the year ended 31 March 2025 (the "2025 Forecast")**	Impairment review for the year ended 31 March 2024 (the "**2024 Forecast**")
Average annual growth rates in turnover for first five-year forecast	**Café operation: N/A** **Cake shops operation: -0.12%**	Café operation: 0.4% Cake shops operation: -1.5%
Long-term growth rates in turnover	**0%**	0%
Budgeted gross margin	**43.15%**	48.5%
Budgeted operating costs to turnover ratio	**55% – 57%**	60% – 62%
Pre-tax discount rates	**11.56%**	19.30%

Growth rates in turnover

Growth rates in turnover adopted in the 2025 Forecast are based on the historical growth rate of each of the cake shops (2024: café and cake shops) operated by the ITHK CGU up to the past five years and includes an appropriate level of selling price adjustments of 2% (2024: 2.5%) per annum based on the characteristics and trend in the food and beverage industry. Long-term growth rate of 0% (2024: 0%) is prudently assumed by the management for forecast period beyond 31 March 2030 (2024: 31 March 2029) in light of the market volatility and uncertainties in the forecast period.

Budgeted gross margin

The budgeted gross margin used in the 2025 Forecast was the actual gross margins in the previous year. Having considered the slight decrease in the gross margin of the ITHK CGU from the year ended 31 March 2024 to the year ended 31 March 2025, for the sake of prudence, the budgeted gross margin in the 2025 Forecast is assumed to be 43.15% (2024: 48.5%).

Budgeted operating cost to turnover ratio

Budgeted operating costs of the ITHK CGU for the 2025 Forecast included operating costs (including lease payments) and management service fee. ITHK continues to implement tight operating cost control and maintained the operating costs to turnover ratio under 58% (2024: 63%) during the year ended 31 March 2025 and in the 2025 Forecast. As such, the management of the Company considers that the budgeted operating costs to turnover ratio ranging from 55% to 57% (2024: 60% to 62%) is reasonable and appropriate considering the management's closely monitoring of any under performing cake shops (2024: cafés and cake shops).

17. IMPAIRMENT ASSESSMENT (cont'd)

Discount rate

An independent valuer was engaged for the estimation of the appropriate discount rate. The pre-tax discount rates of 11.56% for the 2025 (2024: 19.30%) Forecast were adopted with reference to the weighted-average cost of capital arrived by the independent valuer.

Based on the result of the assessment, the management of the Company determined that the recoverable amount of the ITHK CGU is higher than the carrying amount as at 31 March 2025. Based on the value-in-use calculation and the allocation, no impairment loss was recognized against the carrying amounts of plant and equipment, other intangible assets and right-of-use assets for the year ended 31 March 2025 (2024: Nil).

18. DEFERRED TAX

The followings were deferred tax (assets)/liabilities recognized by the Group and movements thereon during the year:–

	Tax losses HK$'000	Accelerated depreciation allowances HK$'000	Total HK$'000
At 31.3.2023 and 1.4.2023	(1,099)	718	(381)
Credit for the year	–	(599)	(599)
Reversal	1,099	(119)	980
At 31.3.2024 and 31.3.2025	–	–	–

19. INVENTORIES

	2025 HK$'000	2024 HK$'000
Raw materials	**4**	34
Finished goods	**61**	213
	65	247

19. INVENTORIES (cont'd)

Movements of impairment provision on inventories are as follows:

	2025 HK$'000	2024 HK$'000
At beginning of the year	–	341
Written off against provision	–	(340)
Exchange adjustment	–	(1)
At end of the year	–	–

20. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:–

	2025 HK$'000	2024 HK$'000
Trade debtors	311	693
Less: loss allowance	–	–
	311	693
Rental and utility deposits	4,676	6,812
Prepayments (Note (a))	2,987	5,011
Other debtors (Note (b))	3,510	2,540
	11,484	15,056

Notes:

(a) Included in prepayments at 31 March 2025 is advance payment of approximately HK$2,276,000 (2024: HK$2,934,000) made about research for potential new-business of production of photovoltaics equipment and components technology in PRC.

(b) Included in other debtors at 31 March 2025 is an amount due from the director which arose from advance for operating expenses of approximately HK$1,675,000 (2024: HK$220,000).

(a) Loss allowance

Loss allowance in respect of trade debtors is recorded using loss allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the loss allowance is written off against trade debtors.

20. DEBTORS, DEPOSITS AND PREPAYMENTS (cont'd)

(a) Loss allowance (cont'd)

Movements of loss allowance for trade debtors are as follows:–

	2025 HK$'000	2024 HK$'000
At beginning of the year	–	205
Reversal of impairment	–	(205)
At end of the year	–	–

Details of impairment assessment of trade and other debtors and deposits paid are set out in Note 35(a).

(b) Aging analysis

The Group normally allows credit term of 180 days to its customers for trading of healthcare products. The trading terms with the Group's customers for provision of food and beverage services are mainly on cash and non-cash basis settlements, except for well established corporate customers who are granted credit term of 30-60 days. For non-cash basis settlements, the counterparties normally settle the balances within 2-60 days. The following was an aging analysis of trade debtors (net of loss allowance), which included outstanding balances for non-cash basis settlements, based on the invoice date, at the end of the reporting period:–

	2025 HK$'000	2024 HK$'000
0-30 days	166	643
31-60 days	1	12
61-90 days	–	4
91-180 days	144	34
	311	693

20. DEBTORS, DEPOSITS AND PREPAYMENTS (cont'd)

(c) Trade debtors that are not impaired

The aging analysis of trade debtors that are not considered to be impaired was as follow:–

	2025 HK$'000	2024 HK$'000
Neither past due nor impaired	**166**	643
Past due but not impaired:–		
1-30 days	**1**	12
31-60 days	**–**	4
61-90 days	**–**	34
91-180 days	**144**	–
	145	50
	311	693

Trade debtors that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade debtors that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no loss allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade debtors. To measure the ECLs, these debtors have been grouped based on shared credit risk characteristics and the aging from billing. Further information about ECLs provision are set out in Note 35(a).

21. CASH AND CASH EQUIVALENTS

	2025 HK$'000	2024 HK$'000
Cash and bank balances	**24,397**	21,233

21. CASH AND CASH EQUIVALENTS (cont'd)

As at 31 March 2025, cash and cash equivalents of the Group which is denominated in RMB amounted to approximately HK$2,436,000 (2024: approximately HK$10,208,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

22. CREDITORS AND ACCRUALS

Creditors and accruals comprise:–

	2025 **HK$'000**	2024 HK$'000
Trade creditors	**23,133**	16,556
Accruals and provisions (Note)	**4,260**	5,281
Interest payables	**9,277**	7,166
Other creditors and payables	**709**	1,743
	37,379	30,746

Note: The balance as at 31 March 2025, mainly represented (i) accrued staff cost of approximately HK$1,049,000 (2024: HK$2,049,000); (ii) accrued expenses for promotion, advertising agency and exhibition of approximately HK$3,208,000 (2024: HK$2,919,000) and (iii) provision of long-service payment of approximately HK$3,000 (2024: HK$313,000).

The following was an aging analysis, based on invoice date, of trade creditors:–

	2025 **HK$'000**	2024 HK$'000
0-30 days	**1,791**	969
31-60 days	**2,746**	696
61-90 days	**2,294**	1,855
91-180 days	**3,328**	5,227
Over 180 days	**12,974**	7,809
	23,133	16,556

23. OTHER LOANS

	2025 HK$'000	2024 HK$'000
Other loans – current	**106,321**	108,549

Other loan from a lender of approximately HK$97,864,000 (2024: HK$97,864,000) as at 31 March 2025 is unsecured, carries interest rate at 0.1% per month and repayable on 22 June 2025 (2024: 22 June 2024). Remaining loans of HK$2,508,000 (2024: HK$2,536,000) are interest-free, unsecured and repayable on demand. On 8 April 2024, Mr. Tang, as the lender, who is also the sole beneficial owner of the Convertible Bonds issued by the Company, signed a memorandum of loans with a subsidiary of the Company, pursuant to which repayment date of a loan from Mr. Tang with an outstanding balance of principal and interest of approximately HK$99,431,000 as at 31 March 2024 was extended from 22 June 2024 to 22 June 2025. Subsequent to the end of the financial reporting periods on 11 June 2025, Mr. Tang signed another memorandum of loans with a subsidiary of the Company, pursuant to which the repayment date of a loan from Mr. Tang with an outstanding balance of principal and interest of approximately HK$100,606,000 as at 31 March 2025 was extended from 22 June 2025 to 22 June 2026. The Extended Loan bears the same term after the Extension. The rest of the loan from Mr. Tang is interest-free, unsecured and repayable on demand.

Interest payable to this lender of approximately HK$2,742,000 (2024: HK$1,567,000) is included in creditors and accrual.

Other loan of approximately HK$5,949,000 (2024: HK$8,149,000) as at 31 March 2025 is unsecured, interest-free and repayable on demand (2024: unsecured interest free and is repayable on 26 February 2025).

Interest payable to this lender of approximately HK$Nil (2024: HK$Nil) is included in interest payables.

24. CONTRACT LIABILITIES

	2025 HK$'000	2024 HK$'000
At beginning of the year	**856**	1,154
Decrease as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(856)**	(553)
Increase as a result of receiving advance payments from customers during the year	**536**	255
At end of the year	**536**	856

Contract liabilities represent coupons purchased from customers in respect of sale of food and beverage.

25. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:–

	Present value of minimum lease payments		Minimum lease payments	
	2025	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable:–				
Within one year	**2,940**	5,877	**3,039**	6,119
In the second to fifth year	**536**	1,732	**546**	1,814
	3,476	7,609	**3,585**	7,933
Less: Future finance charges			**(109)**	(324)
Present value of lease obligation			**3,476**	7,609

26. CONVERTIBLE BONDS

On 21 August 2012, the Company issued Convertible Bonds in the principal amount of HK$80,000,000 to the then bondholder for the acquisition of subsidiaries. The Convertible Bonds were interest bearing at 2% per annum with a maturity date on 21 August 2015 which were convertible into shares of the Company at the conversion price of HK$0.08 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalization issues and right issues, etc) at any time after the issue date. Details of the Convertible Bonds were set out in the circular of the Company dated 30 July 2012.

On 8 July 2015, the Company entered into the first supplemental deed with the then bondholder pursuant to which the Company and the then bondholder agreed to extend the maturity date of the Convertible Bonds for 36 months from the date falling on the third anniversary to the sixth anniversary of the date of issue of the Convertible Bonds. Save and except the amendment to the maturity date pursuant to the supplemental first deed, all the terms and conditions of the Convertible Bonds remained unchanged, valid and in full force. The supplemental deed was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 10 August 2015.

On 21 August 2015, the then bondholder transferred all Convertible Bonds to Mr. Tang (the "**Bondholder**") in consideration of HK$80,000,000.

26. CONVERTIBLE BONDS (cont'd)

On 9 October 2015, Mr. Tang exercised partially the conversion rights attaching to the Convertible Bonds in respect of the principal amount of HK$40,000,000 of the Convertible Bonds at the conversion price of HK$0.08 per conversion shares.

On 22 May 2017, the conversion price of the outstanding convertible bonds has been adjusted from the initial conversion price of HK$0.08 per ordinary share to HK$0.07 per ordinary share in accordance with the terms of convertible bonds as a result of the completion of the rights issue on 14 June 2017. All other terms of the convertible bonds remained unchanged.

On 15 August 2018, the Company entered into the second supplemental deed with Mr. Tang pursuant to which the Company and Mr. Tang agreed to extend the maturity date of the Convertible Bonds for 36 months from the date falling on the sixth anniversary to the ninth anniversary of the date of issue of the Convertible Bonds. Save and except the amendment to the maturity date pursuant to the supplemental deed, all the terms and conditions of the Convertible Bonds remained unchanged, valid and in full force. The second supplemental deed was approved by the Directors at the board meeting of the Company held on 14 August 2018.

On 13 August 2021, the Company entered into the third supplemental deed with Mr. Tang pursuant to which the Company and Mr. Tang agreed to extend the maturity date of the Convertible Bonds for 36 months from the date falling on the ninth anniversary to the twelfth anniversary of the date of issue of the Convertible Bonds. Save and except the amendment to the maturity date pursuant to the supplemental deed, all the terms and conditions of the Convertible Bonds remain unchanged, valid and in full force. The third supplemental deed was approved by the Directors at the board meeting of the Company held on 11 August 2021.

On 12 August 2024, the Company entered into the fourth supplemental deed with the bondholder pursuant to which the Company and Mr. Tang as the bondholder agreed to further extend the maturity date of the Convertible Bond for 36 months from the date falling on the twelfth anniversary of the date of issue of the convertible bonds, being 15 August 2024, to 15 August 2027. As such, the Convertible Bonds of principal amount of HK$40,000,000 will mature over twelve months after the end of the financial reporting period and are classified as non-current liabilities as at 31 March 2025 while classified as current liabilities as at 31 March 2024.

During the years ended 31 March 2025 and 2024, the Company did not breach any covenant in relation to the Convertible Bonds.

The amount represents convertible bonds issued with principal amount of HK$40,000,000 and the maturity will be on the twelfth anniversary of the date of issue of the Convertible Bonds.

The conversion price of the outstanding Convertible Bonds has been adjusted from the initial conversion price of HK$0.07 per share to HK$0.56 per share as a result of the Share Consolidation on 11 January 2022.

26. CONVERTIBLE BONDS (cont'd)

Interest payable arising from convertible bonds to Mr. Tang of approximately HK$6,398,000 (2024: HK$5,598,000) is included in other creditors and payables. HK$3,067,000 of interest expense on convertible bond was accrued during the year (2024: HK$800,000) and no interest payment was made for both 2025 and 2024.

The convertible bonds contain two components, a liability component and an equity component representing the conversion option. The liability component and equity component are remeasured at fair value on the extension date. Due to Mr. Tang, the current holder of the convertible bonds, is the former substantial shareholder of the Company and still have substantial equity interests in the Company by virtue of the potential shares issuable upon conversion of the convertible bonds after taking into consideration the terms of the extension, it is considered that Mr. Tang is an equity participant of the Group. Hence the financial effects of the extension, being the gain arising from the excess of carrying amount of the liability component of the convertible bonds prior to the modification over the aggregate fair value of the liability and conversion option equity components of the convertible bonds at the date of modification, is deemed as contribution from equity participant to the Company. Accordingly, the difference between the fair value of the liability component of the convertible bonds at the extension date and its carrying amount prior to the modification is recognised in the convertible bonds equity reserve and other reserve.

The fair value of the liability component of the convertible bonds at the extension date determined by independent qualified valuer, International Valuation Limited. The effective interest rates used in the fair value measurement of the liability component is 15.51%.

26. CONVERTIBLE BONDS (cont'd)

The movements of the liability and the equity components of the convertible bonds for the current period are set out as below:

	Liability component HK$'000	Equity component (Note) HK$'000	Total HK$'000
At 1 April 2023 and 31 March 2024	40,000	1,390	41,390
Reallocate to other reserve	–	(1,390)	(1,390)
Effects of remeasurement of liability component due to extension of convertible notes	(12,964)	12,964	–
Interest charge	3,067	–	3,067
Interest payables	(806)	–	(806)
At 31 March 2025	29,297	12,964	42,261

Note:

Equity component includes the conversion option component and gain from modification treated as deemed contribution from equity participant.

27. CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Share capital

Ordinary shares of HK$0.08 (2024: HK$0.08) each

	2025		2024	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorized:–				
At the beginning and end of the year	**625,000,000**	**50,000**	625,000,000	50,000
Issued and fully paid:–				
At the beginning of the year	**520,771,875**	**41,662**	520,771,875	41,662
Issue of shares	**34,285,713**	**2,743**	–	–
At the end of the year	**555,057,588**	**44,405**	520,771,875	41,662

On 13 January 2025, 34,285,713 ordinary shares were issued at a subscription price of HK$0.35 per share for a total cash consideration, before share issuing expenses, of HK$12,000,000 in which, as to HK$9,257,000 was recognized as share premium during the year ended 31 March 2025. The related issuing expenses of approximately HK$295,000 was deducted from the share premium.

(b) Capital management

The Group's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to owners commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by issuing new equity shares, and raising or repaying debts as appropriate.

The Group's equity capital management strategy, which was unchanged from the previous periods, was to maintain a reasonable proportion in total debts and equity capital. The Group monitors equity capital on the basis of the debt-to-equity capital ratio, which is calculated as net debt over equity capital. Net debt is calculated as total debt less cash and cash equivalents/time deposits. Equity capital comprises all components of equity (i.e. share capital, share premium, accumulated losses and reserves).

27. CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY (cont'd)

(b) Capital management (cont'd)

	2025 HK$'000	2024 HK$'000
Other loans	**106,321**	108,549
Convertible bonds	**29,297**	40,000
	135,618	148,549
Less: Cash and cash equivalents	**(24,397)**	(21,233)
Net debt	**111,221**	127,316
Total capital deficiency	**(130,728)**	(133,217)
Debt-to-equity capital ratio	**N/A**	N/A

28. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year were set out below:–

	Share premium HK$'000	Accumulated losses HK$'000	Convertible bonds equity reserve (Note (c)) HK$'000	Total HK$'000
At 1.4.2023	268,875	(329,088)	1,390	(58,823)
Loss and total comprehensive loss for the year	–	(18,346)	–	(18,346)
At 31.3.2024 and 1.4.2024	268,875	(347,434)	1,390	(77,169)
Issue of shares	9,257	–	–	9,257
Transaction costs attributable to issue of shares	(295)	–	–	(295)
Extension of convertible bonds	–	–	12,964	12,964
Loss and total comprehensive loss for the year	–	(8,586)	–	(8,586)
At 31.3.2025	**277,837**	**(356,020)**	**14,354**	**(63,829)**

28. RESERVES (cont'd)

Notes:–

(a) The share premium of the Company includes (i) shares issued at premium and (ii) the difference between the nominal value of the shares of the Company issued in exchange for the entire issued share capital and the value of the underlying net assets of its subsidiaries at the date they were acquired by the Company. Under the Companies Law, Cap. 22 of the (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium is distributable to the owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) As at 31 March 2025 and 2024, in the opinion of the Directors, no reserves are available for distribution to the owners of the Company.

(c) Equity component includes the conversion option component and gain from modification treated as deemed contribution from equity participant.

29. SHARE OPTIONS

The Company adopted share option schemes on 26 February 2003 which expired on 25 February 2013, on 20 July 2012 which expired on 19 July 2022 and on 22 September 2023 (the "**New Share Option Scheme**") (collectively referred to as the "**Share Option Schemes**").

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or application or effect shall (save as otherwise provided in the New Share Option Scheme and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of the option is HK$1.0. No performance target is required to be reached by the participant before any option can be exercised. As a vesting condition for the New Share Option Scheme, an option must be held by the grantee for at least 12 months before the Option can be exercised.

The subscription price for shares (the "**Subscription Price**") to be subscribed under the New Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of:–

(i) the closing price of the shares as shown in the daily quotations sheet of the Stock Exchange on the date an option is offered (the "**Offer Date**"), which must be a business day; and

(ii) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the five consecutive business days immediately preceding the Offer Date,

provided that the Subscription Price shall not be lower than the nominal value of the share on the Offer Date.

No share option was granted during the years ended 31 March 2025 and 2024. As at both dates, there was no share options outstanding under the Share Option Schemes.

30. CASH FLOW INFORMATION

(a) 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 liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows arising from financing activities.

	Lease liabilities HK$'000	Other loans HK$'000	Interest payable on other loans HK$'000	Convertible bonds liabilities components HK$'000	Total HK$'000
At 1.4.2023	20,927	105,256	552	40,000	166,735
Changes from financing cash flows:					
Capital element of lease liabilities paid	(14,079)	–	–	–	(14,079)
Interest element of lease liabilities paid	(663)	–	–	–	(663)
Addition of other loan	–	8,125	–	–	8,125
Repayment of other loan	–	(4,542)	–	–	(4,542)
	6,185	108,839	552	40,000	155,576
Other changes:					
New leases entered	779	–	–	–	779
Interest expense	663	–	1,174	–	1,837
Disposal of subsidiaries	–	–	(159)	–	(159)
Exchange adjustments	(18)	(290)	–	–	(308)
At 31.3.2024	7,609	108,549	1,567	40,000	157,725
Changes from financing cash flows:					
Capital element of lease liabilities paid	(6,830)	–	–	–	(6,830)
Interest element of lease liabilities paid	(316)	–	–	–	(316)
Addition of other loan	–	7,109	–	–	7,109
Repayment of other loan	–	(9,180)	–	–	(9,180)
	463	106,478	1,567	40,000	148,508
Other changes:					
New leases entered	2,699	–	–	–	2,699
Remeasurement due to extension	–	–	–	(12,964)	(12,964)
Interest expense	316	–	1,175	3,067	4,558
Interest payable	–	–	–	(806)	(806)
Exchange adjustments	(2)	(157)	–	–	(159)
At 31.3.2025	**3,476**	**106,321**	**2,742**	**29,297**	**141,836**

30. CASH FLOW INFORMATION (cont'd)

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:–

	2025 HK$'000	2024 HK$'000
Within:		
Operating cash flows	**115**	3,108
Financing cash flows	**7,148**	14,760
	7,263	17,868

These amounts relate to the following:

	2025 HK$'000	2024 HK$'000
Lease rentals paid	**7,263**	17,868

31. GAIN ON DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2024, the Group disposed of its entire interest in the issued share capital in 華胤(深圳)生物科技有限公司（"**華胤生物科技**"）and its partially-owned subsidiaries (collectively referred to as the "**華胤生物科技 Group**") to an independent third party and a subsidiary of 華胤生物科技, at an aggregate cash consideration of RMB2 (equivalent to approximately HK$2).

The principal activities of 華胤生物科技 Group are investment holding and trading of healthcare products. The Group has acknowledged the significant challenges that exist in the domestic market, such as fierce competition and formidable entry barriers, and it therefore took a strategic decision to halt its endeavours in the industry during the first half of the Reporting Period.

The net liabilities of 華胤生物科技 Group being disposed of were as follows:

	HK$'000
Plant and equipment	20
Debtors, deposits and prepayments	970
Cash and bank balances	506
Creditors and accruals	(8,538)
Net liabilities disposed of	(7,042)
Release of exchange reserve	(2,290)
	(9,332)
Non-controlling interests	3,245
Gain on disposal of subsidiaries	6,087
	–
Total consideration satisfied by:–	
Cash consideration	–
Net cash outflow arising:–	
Cash consideration received	–
Cash and bank balances disposed of	(506)
	(506)

32. COMMITMENTS

Short-term lease commitments

At 31 March 2025, the Group had outstanding short-term lease commitments for properties as follows:–

	2025 HK$'000	2024 HK$'000
Within one year	**657**	635

The Group regularly enters into short-term leases for certain leasehold properties of office premises, staff quarters, cafés and cake shops.

Capital commitments

At the end of the reporting period, the Group had outstanding capital commitments as follows:–

	2025 HK$'000	2024 HK$'000
Contracted but not provided for:-		
Capital contribution to subsidiaries	**2,384**	1,875

33. RELATED PARTY AND CONNECTED TRANSACTIONS

The Group had no material transactions with its related parties and connected persons as defined in HKAS 24 and GEM Listing Rules in both years.

The remunerations of Directors (Note 7) and other members of key management personnel during the year ended 31 March 2025 and 2024 were as follows:

Directors and key management personnel remunerations	**2025 HK$'000**	2024 HK$'000
Fees	**780**	820
Salaries, allowances and other benefits in kind	**2,620**	3,789
Performance related bonuses	**48**	166
Retirement scheme contributions	**50**	65
	3,498	4,840

34. RETIREMENT BENEFIT COSTS

The Company's subsidiaries in Hong Kong had participated in the Mandatory Provident Fund Scheme ("**MPF Scheme**"). The assets of the MPF Scheme are held separately in an independently managed and administered fund. Contributions to the MPF Scheme are made by both the employer and employees at 5% on the employees' salaries or HK$1,500, whichever is lower.

The Company's subsidiaries in the PRC had participated in the state-sponsored retirement plan, contributions are made by the subsidiaries to the plan based on 14% to 20% of the applicable payroll costs. The Group has no other obligation other than the above-mentioned contributions.

No forfeited contributions may be used by the Group to reduce the existing level of contributions.

35. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

(a) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group has a credit policy in place and exposure to the credit risk is monitored on an ongoing basis.

The carrying amounts of financial assets as at 31 March 2025 and 2024, which represented the Group's significant exposure to credit risks, were as follows:–

	2025 **HK$'000**	2024 HK$'000
Debtors and deposits paid	**8,497**	10,045
Cash and cash equivalents	**24,397**	21,233
	32,894	31,278

35. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(a) Credit risk (cont'd)

The Group's credit risk is primarily attributable to debtors, deposits, time deposits and cash and cash equivalents. With respect to trade debtors, the Group has adopted credit policies, which include the analysis of the financial position of its customers and a regular review of their credit limits. The Group maintains a ECL allowance accounts and actual losses have been less than management's expectations and the Group has policies in place to ensure that sales are made to clients with an appropriate credit history. Also, the Group's time deposits and cash and cash equivalents are held by major financial institutions located in Hong Kong and the PRC, which the management believes are of high credit quality. Accordingly, the overall credit risk is considered limited.

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade debtors. The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL. It considers available reasonable and supportive forward-looking information.

Trade debtors

At 31 March 2025 and 2024, all trade debtors have been assessed collectively for impairment. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience.

At 31 March 2025, the Group has concentration of credit risk as 22% (2024: 38%) and 92% (2024: 84%) of the total trade debtors were due from the Group's largest customer and five largest customers respectively.

In respect of trade debtors, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The trading terms of the Group's customers for provision of food and beverage services are mainly made on cash, non-cash basis counterparties which entitled credit term of 2-60 days and for customers of healthcare products who normally entitled credit term of 180 days. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivable balance due from these debtors saved for the debtor related to the impaired trade debtors disclosed in the below. Management makes periodic assessment on the recoverability of the trade debtors based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the debtors. The Directors consider the Group's credit risk of these receivables to be low except for the impaired trade debtors disclosed in the below.

35. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(a) Credit risk (cont'd)

***Trade debtors** (cont'd)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors at 31 March 2025 and 2024.

	At 31 March 2025			
	Lifetime ECL rate	**Gross carrying amount HK$'000**	**Lifetime ECL HK$'000**	**Net carrying amount HK$'000**
Trade debtors – provision on collective basis	**0%**	**311**	**–**	**311**
		311	**–**	**311**

	At 31 March 2024			
	Lifetime ECL rate	Gross carrying amount HK$'000	Lifetime ECL HK$'000	Net carrying amount HK$'000
Trade debtors – provision on collective basis	0%	693	–	693
		693	–	693

35. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(a) Credit risk (cont'd)

Other debtors and deposits paid

The credit quality of the other debtors excluding prepayments has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties.

The following table provides information about the Group's exposure to credit risk and ECLs for other debtors at 31 March 2025 and 2024.

	At 31 March 2025				
	ECL rate	**Gross carrying amount HK$'000**	**12-month ECL Stage 1 HK$'000**	**Lifetime ECL Stage 3 HK$'000**	**Net carrying amount HK$'000**
Other debtors	**0%**	**8,186**	**–**	**–**	**8,186**
		8,186	**–**	**–**	**8,186**

	At 31 March 2024				
	ECL rate	Gross carrying amount HK$'000	12-month ECL Stage 1 HK$'000	Lifetime ECL Stage 3 HK$'000	Net carrying amount HK$'000
Other debtors	28%	12,933	–	3,581	9,352
		12,933	–	3,581	9,352

Cash and cash equivalents

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Accordingly, no loss allowance was provided as the ECL in respect of time deposits and cash and cash equivalents as the amount is not material.

35. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of its ability to meet financial obligations, measured by the gearing ratio.

Maturities of the financial liabilities of the Group as at 31 March 2025 were as follows:–

	At 31 March 2025			
	Carrying amount HK$'000	**Total contractual undiscounted cash flows HK$'000**	**Less than 1 year or on demand HK$'000**	**In 2 to 5 years HK$'000**
Total amounts of contractual undiscounted obligations:–				
Lease liabilities	**3,476**	**3,585**	**3,039**	**546**
Convertible bonds				
– Liability component	**29,297**	**43,207**	**800**	**42,407**
Trade creditors	**23,133**	**23,133**	**23,133**	**–**
Accruals and provision	**4,260**	**4,260**	**4,260**	**–**
Other creditors and payables	**709**	**709**	**709**	**–**
Interest payable	**9,277**	**9,277**	**9,277**	**–**
Other loans	**106,321**	**107,495**	**107,495**	**–**
	176,473	**191,666**	**148,713**	**42,953**

	At 31 March 2024			
	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Less than 1 year or on demand HK$'000	In 2 to 5 years HK$'000
Total amounts of contractual undiscounted obligations:–				
Lease liabilities	7,609	7,933	6,119	1,814
Convertible bonds				
– Liability component	40,000	41,100	41,100	–
Trade creditors	16,556	16,556	16,556	–
Accruals and provision	5,281	5,281	5,281	–
Other creditors and payables	1,743	1,743	1,743	–
Interest payable	7,166	7,166	7,166	–
Other loans	108,549	108,549	108,549	–
	186,904	188,328	186,514	1,814

35. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The following table details the Group's exposure at the end of reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. The exposure arising from the current accounts among the Company and its subsidiaries which form part of net investment in foreign operations is excluded.

	2025		2024	
	United States Dollar HK$'000	**Renminbi HK$'000**	United States Dollar HK$'000	Renminbi HK$'000
Cash and bank balances	**3**	**13**	2	13

The Group's operations are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Since Hong Kong Dollar is pegged to United States Dollar, material fluctuation in the exchange rates of Hong Kong Dollar against United States Dollar is remote.

It is estimated that a fluctuation of 5% in foreign exchange rates with all other variables held constant would not have a material impact on the Group's profit/loss for the years ended 31 March 2025 and 2024 and accumulated losses as at these dates.

The Group does not use financial derivatives to hedge against the currency risk. However, the currency risk of the Group is closely monitored by the management to ensure that the net exposure is kept to an acceptable level, by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

35. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(d) Interest rate risk

The Group's interest rate risk arises primarily from lease liabilities, liability component of convertible bonds, other loans and bank balances. Except for the lease liabilities, liability component of convertible bonds and other loans which are held at fixed interest rates, all the bank balances are held at variable rates. The Group does not use financial derivatives to hedge against the interest rate risk. However, the interest rate profile of the Group is closely monitored by the management and may enter into appropriate swap contracts, when it is considered significant and cost-effective, to manage the interest rate risk.

(i) Effective interest profile

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates per annum at the end of reporting period.

	2025 Effective interest rate %	**HK$'000**	2024 Effective interest rate %	HK$'000
Fixed rate financial liabilities				
– Lease liabilities	**2.82-8.10**	**(3,476)**	2.82-8.28	(7,609)
– Convertible bonds				
– liability component	**2**	**(29,297)**	2	(40,000)
– Creditors and accruals				
– other loans	**1.20**	**(106,321)**	1.20	(108,549)
Variable rate financial assets				
– Bank balances	**0.00-1.06**	**17,174**	0.00-1.92	10,310
Net financial liabilities		**(121,920)**		(145,848)

35. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(d) Interest rate risk (cont'd)

(ii) It is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, the Group's loss for the year ended 31 March 2025 would decrease by approximately HK$184,000 (2024: approximately HK$90,000), and accumulated losses as at that date would decrease by approximately HK$184,000 (2024: approximately HK$90,000).

The sensitivity analysis above has been determined based on the exposure to interest rate for both derivatives and non-derivative instruments at the end of reporting period. The analysis is prepared assuming the amount of asset and liability outstanding at the end of reporting period was outstanding for the whole year. 100 basis points increase are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonable possible change in interest rates.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. As at 31 March 2025 and 2024, the Group did not have any financial instrument which is subject to market price risk.

(f) Fair values

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their values as at 31 March 2025 and 2024.

36. SEGMENT INFORMATION

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Directors, being the chief operating decision maker ("CODM") in order to allocate resources to the segment and to assess its performance.

During the year ended 31 March 2025, the Group principally operated in two business units, and had two reportable and operating segments: food and beverage and healthcare business.

(i) Food and beverage – Provision of food and beverage services, operating of restaurants and cake shops in Hong Kong.

(ii) Healthcare business – Trading of healthcare products in the PRC.

36. SEGMENT INFORMATION (cont'd)

(a) Segment revenue and results

For the year ended 31 March 2025

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

	Food and beverage		Healthcare		Total	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Segment revenue (external)	**37,416**	99,391	**–**	–	**37,416**	99,391
Segment loss	**(3,573)**	(5,130)	**(644)**	(870)	**(4,217)**	(6,000)
Interest income					**65**	379
Share of result of an associate					**(368)**	–
Miscellaneous items					**32**	–
Impairment of interest in an associate					**(2,996)**	(2,888)
Exchange gain, net					**–**	241
Finance costs					**(4,363)**	(3,906)
Gain on disposal of subsidiaries					**–**	6,087
Loss allowance on other debtors					**–**	(3,581)
Depreciation of plant and equipment					**(69)**	(92)
Depreciation of right-of-use assets					**(1,445)**	(1,415)
Unallocated operating expenses					**(8,919)**	(4,748)
Loss before income tax					**(22,280)**	(15,923)

Segment loss represents the loss incurred from each segment without the allocation of interest income, share of result of an associate, miscellaneous items, impairment of interest in an associate, exchange gain, net, finance costs, gain on disposal of subsidiaries, loss allowance on other debtors and central operating expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

36. SEGMENT INFORMATION (cont'd)

(b) Segment assets and liabilities

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

As at 31 March 2025

Segment assets

	Food and beverage		Healthcare		Total	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Segment assets	**16,813**	23,791	**1,117**	5,475	**17,930**	29,266
Unallocated assets					**28,351**	25,277
Consolidated total assets					**46,281**	54,543

Segment liabilities

	Food and beverage		Healthcare		Total	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Segment liabilities	**129,852**	111,095	**1,542**	1,990	**131,394**	113,085
Unallocated liabilities					**45,615**	74,675
Consolidated total liabilities					**177,009**	187,760

36. SEGMENT INFORMATION (cont'd)

(b) Segment assets and liabilities (cont'd)

For the purpose of monitoring segment performance and allocating resources between segments:

All assets are allocated between operating segments other than certain plant and equipment, certain right-of-use assets, certain deposits and prepayments, certain cash and cash equivalents and unallocated corporate assets of headquarter.

All liabilities are allocated between operating segments other than certain creditors and accruals, certain lease liabilities, convertible bonds and unallocated corporate liabilities of headquarter.

(c) Segment information

For the year ended 31 March 2025

	Food and beverage		Healthcare		Total	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation of plant and equipment	**527**	2,091	**–**	–	**527**	2,091
Depreciation of right-of-use assets	**5,306**	6,620	**450**	278	**5,756**	6,898
Franchise and royalties expenses	**717**	3,010	**–**	–	**717**	3,010
Short term lease expenses	**–**	2,569	**–**	–	**–**	2,569
Amortization of other intangible assets	**406**	830	**–**	–	**406**	830
Additions to non-current assets	**1,893**	173	**–**	–	**1,893**	173

36. SEGMENT INFORMATION (cont'd)

(d) Geographical information

	PRC		Hong Kong		Total	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Revenue	**–**	–	**37,416**	99,391	**37,416**	99,391
Non-current assets	**2,341**	1,101	**7,994**	16,906	**10,335**	18,007

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on (i) the physical location of the assets, in the case of plant and equipment (ii) the location of the operation to which they are allocated, in the case of intangible assets and right-of-use assets, and (iii) the location of operation to which they are incurred, in the case of deposits paid.

(e) Major customers

The Group's customer base is diversified and no revenue from transactions with a single external customer amount to 10% or more of the Group's revenue for the years ended 31 March 2025 and 2024.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**8**	13
Interests in subsidiaries – Note		**–**	–
Right-of-use assets		**–**	755
		8	768
CURRENT ASSETS			
Debtors, deposits and prepayments		**499**	491
Cash and cash equivalents		**16,707**	10,333
		17,206	10,824
DEDUCT:–			
CURRENT LIABILITIES			
Creditors and accruals		**7,341**	6,327
Lease liabilities		**–**	772
Convertible bonds	26	**–**	40,000
		7,341	47,099
NET CURRENT ASSETS/(LIABILITIES)		**9,865**	(36,275)
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,873**	(35,507)
NON-CURRENT LIABILITY			
Convertible bonds	26	**29,297**	–
NET LIABILITIES		**(19,424)**	(35,507)
REPRESENTING:–			
Share capital	27	**44,405**	41,662
Reserves	28	**(63,829)**	(77,169)
TOTAL EQUITY		**(19,424)**	(35,507)

Note: Interests in subsidiaries comprised of investments in subsidiaries (Note 12) of HK$23 (2024: HK$23).

RESULTS

	For the year ended 31 March				
	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000	**2025** **HK$'000**
Revenue	187,875	171,884	162,508	99,391	**37,416**
Profit/(loss) before income tax	2,851	(20,936)	(14,925)	(15,923)	**(22,280)**
Income tax (expense)/credit	(436)	248	900	(381)	**–**
Attributable to:–					
Owners of the Company	2,521	(19,810)	(12,391)	(16,205)	**(22,280)**
Non-controlling interests	(106)	(878)	(1,634)	(99)	**–**
Profit/(loss) for the year	2,415	(20,688)	(14,025)	(16,304)	**(22,280)**

Financial Summary

ASSETS AND LIABILITIES

	At 31 March				
	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000	**2025** **HK$'000**
NON-CURRENT ASSETS	32,627	33,654	23,626	18,007	**10,335**
CURRENT ASSETS	97,211	81,408	49,113	36,536	**35,946**
DEDUCT:–					
CURRENT LIABILITIES	202,429	172,753	144,463	186,028	**147,176**
NET CURRENT LIABILITIES	(105,218)	(91,345)	(95,350)	(149,492)	**(111,230)**
TOTAL ASSETS LESS CURRENT LIABILITIES	(72,591)	(57,691)	(71,724)	(131,485)	**(100,895)**
NON-CURRENT LIABILITIES	(11,997)	(48,764)	(47,064)	(1,732)	**(29,833)**
NET LIABILITIES	(84,588)	(106,455)	(118,788)	(133,217)	**(130,728)**