ANNUAL REPORT 2024
年報

ABOUT FULUM GROUP

Established in 1992, the Fulum Group has been adhering to the spirit of "The Rationale of Three Excellents – Excellent Environment, Excellent Supply, Excellent Service" with its dedication to innovation and ongoing commitment to excellence. Today, the Fulum Group has been developed into a highly renowned restaurant group in Hong Kong. Apart from providing mass and high-end Cantonese catering services, the Group is recently committed to developing the brand diversification strategies by opening restaurants which offer different cuisines and are differently positioned so as to keep pace with the local dining trends.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. YEUNG Wai *(Chairman)*
Mr. YEUNG Ho Wang *(Chief Executive Officer)*
Mr. YEUNG Yun Kei
Mr. LEUNG Siu Sun
Mr. YEUNG Chun Nin

Non-executive Director

Mr. WU Kam On Keith *(Vice Chairman)*

Independent Non-executive Directors

Mr. NG Ngai Man Raymond
Mr. WONG Wai Leung Joseph
Mr. CHAN Chun Bong Junbon

COMPANY SECRETARY

Mr. Chan Yiu Kwong

AUTHORISED REPRESENTATIVES

Mr. YEUNG Wai
Mr. YEUNG Ho Wang

MEMBERS OF AUDIT COMMITTEE

Mr. WONG Wai Leung Joseph *(Chairman)*
Mr. NG Ngai Man Raymond
Mr. CHAN Chun Bong Junbon

MEMBERS OF NOMINATION COMMITTEE

Mr. CHAN Chun Bong Junbon *(Chairman)*
Mr. NG Ngai Man Raymond
Mr. YEUNG Wai

MEMBERS OF REMUNERATION COMMITTEE

Mr. NG Ngai Man Raymond *(Chairman)*
Mr. WONG Wai Leung Joseph
Mr. YEUNG Wai

MEMBERS OF EXECUTIVE COMMITTEE

Mr. YEUNG Wai *(Chairman)*
Mr. YEUNG Ho Wang
Mr. YEUNG Yun Kei
Mr. LEUNG Siu Sun
Mr. YEUNG Chun Nin

REGISTERED OFFICE

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

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26/F, Capital Tower, 38 Wai Yip Street,
Kowloon Bay, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

ZHONGHUI ANDA CPA Limited

STOCK CODE

01443

WEBSITE

www.fulumgroup.com

HIGHLIGHTS

- Revenue was approximately HK$1,841.2 million (2023: approximately HK$1,641.5 million), representing an increase of approximately 12.2%

- Gross profit margin[1] was at approximately 72.6% (2023: approximately 70.1%), representing an increase of approximately 2.5%

- Earnings before interest expense, tax, depreciation and amortisation were approximately HK$373.8 million (2023: approximately HK$332.4 million)

- Profit for the year attributable to owners of the Company was approximately HK$50.6 million[2] (2023: profit attributable to owners of the Company of approximately HK$21.1 million)

- Basic earnings per share[3] was approximately HK$3.89 cents (2023: basic earnings per share of approximately HK$1.63 cents)

- The Board recommends a final dividend of HK$0.3 cents per ordinary share for the year ended 31 March 2024

1 Gross profit equals revenue minus cost of inventories sold. Gross profit margin is calculated by dividing gross profit by revenue and multiplying the resulting value by 100%.

2 The profit for the year attributable to owners of the Company of approximately HK$50,584,000 increased year-on-year mainly due to recognition of deferred tax credit of approximately HK$ 38,986,000 which arose from the crystallization of tax losses. The profit before tax for the year was approximately HK$12,003,000 (2023: approximately HK$21,954,000).

3 The calculation of the basic earnings per share amounts is based on profit for the year attributable to owners of the Company of approximately HK$50,584,000 (2023: profit attributable to owners of the Company of approximately HK$21,138,000) and 1,300,000,000 (2023: 1,300,000,000) ordinary shares in issue during the year.

MESSAGE from the CHAIRMAN

DEAR SHAREHOLDERS,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Fulum Group Holdings Limited (the "**Company**", and together with its subsidiaries, "**Fulum Group**" or the "**Group**"), I am pleased to present to you the annual report of the Company for the year ended 31 March 2024.

Looking back on this financial year, although Hong Kong had gradually emerged from the shadow of the COVID-19 pandemic, it faced challenges such as high global interest rates and uncertain economic prospects. The trends of outbound travel and cross-border consumption all had dampened local consumer sentiment, resulting in a slower-than-expected recovery in tourism, retail and catering service sectors. Due to the Group's early deployment of diversified brand development strategy and accurate capture of market opportunities, the Group was still able to achieve satisfactory results.

During the period, the Group continued to adopt a branding strategy of "full timeslots" catering to meet the challenges by increasing the number of brands and categories under its "Concept Line (概念線)" to diversify its catering business, with an aim to meet consumers' round-the-clock catering needs, enabling customers to enjoy delicacies at a variety of restaurants of the Group at any time. Meanwhile, the Group had been actively and successfully expanding new food courts in residential areas to bring quality and diversified food choices to more customers from all walks of life, not only would this effectively broaden our customer base, it could also increase the Group's market share in local catering sector.

The "Fulum (富臨)" main brand and the "Sportful Garden (陶源)" main brand of the Group are dedicated to providing Chinese and Cantonese cuisines to customers. During the financial year under review, the Group capitalised on the resurgence of large-scale banquets and dining gatherings by launching various promotional packages and reward plans to attract a wide array of customers including locals and tourists. In addition, the Group had been actively seizing opportunities arising from the rapid development of the Mainland China and the Greater Bay Area markets by setting up additional branches, with a view to promoting the Group's diversified and high-quality catering brands to all parts of Mainland China.

Looking ahead, with the Hong Kong Government actively organising and promoting various major events, coupled with the opening up of the Individual Visit Scheme to cover more cities in Mainland China, it is hoped that more tourists will be attracted to visit Hong Kong, further accelerating the recovery of local retail consumption and catering sectors. We are confident about the outlook of the catering business in Hong Kong and expect it to drive the Group's growth in the coming financial year.

Last but not least, on behalf of the Board, I wish to extend my appreciation to all our staff for their dedication and for working side by side with the Group in the face of numerous challenges. I also wish to express my gratitude to all shareholders, investors, customers and business partners for their steadfast support and trust. We will continue to provide quality catering services to our customers and strive to maximise returns for our shareholders and the Company.

Yeung Wai
Chairman
28 June 2024

CALENDAR

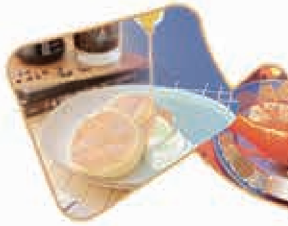
Announcement of interim results	28 November 2023
Announcement of annual results	28 June 2024
Despatch of annual report to shareholders	29 July 2024
Closure of register of members	
for attending the annual general meeting	24 September 2024 - 27 September 2024
for proposed final dividends	7 October 2024 - 8 October 2024
Annual general meeting	27 September 2024
Dividends	
Final: HK$0.3 cents per ordinary share	21 October 2024 (Subject to approval of the Shareholders at the forthcoming annual general meeting of the Company on 27 September 2024)

INDUSTRY OVERVIEW

During the period under review, the sharp rise in global interest rates and persistently high inflation in many countries have led to a weak economic environment both in Hong Kong and its peripheral regions. Consequently, consumer spending power has generally declined, resulting in a slower than expected recovery in the tourism and catering industries in Hong Kong. In addition, transportation and supply chains were still under pressure due to the continuous geopolitical tension, and the prices of raw materials, logistics costs, food and energy have all increased, putting pressure on corporate operations.

According to the Hong Kong Census and Statistics Department, in the first quarter of the year, seasonally adjusted real GDP rose by 2.3%, a notable slowdown in the quarter-on-quarter growth. Private consumption expenditure rose only mildly by 1.0% year-on-year in real terms. Consumer price inflation was modest in the first quarter, with the underlying Composite Consumer Price Index rising by 1.0% year-on-year.

During the period under review, since the HKSAR government fully relaxed its border restrictions, Hong Kong has experienced a "retaliatory" tourism boom during long holidays. A surge of Hong Kong people travelling north to shop during weekends and holidays has led to a downturn in the local consumer market. In terms of visitor arrivals, according to the statistics of the Hong Kong Tourism Board, the number of visitor arrivals in the first quarter of this year has increased by 1.5 times year-on-year to 11.23 million, with a 5% increase quarter-on-quarter, indicating a return of tourists to Hong Kong. However, due to the convenient high-speed rail system and cross-border transportation, a low-cost "no overnight" travel style has become trendy among tourists from Mainland China, which had limited support for the overall business environment and consumer spending. Data from the Census and Statistics Department shows



that although the total value of restaurant receipts rebounded sharply by 26.1% for the entire year of 2023, performance has been deteriorating from quarter to quarter. The seasonally adjusted provisional estimate of total restaurant receipts for the fourth quarter of last year dropped by 0.7% in volume terms quarter-on-quarter. In the first quarter of this year, the provisional estimate of total restaurant receipts by value was HK$28.2 billion, and the seasonally adjusted provisional estimate of total restaurant receipts by value and by volume decreased by 1.8% and 2.4% quarter-on-quarter respectively. Analysed by type of restaurant, total receipts of Chinese restaurants decreased by 1.8% year-on-year in volume, while total receipts of non-Chinese restaurants also decreased by 1.5% year-on-year in volume. These figures reflect a difficult and challenging business environment for the catering industry.

In terms of the Chinese market, according to the National Bureau of Statistics, the total retail sales of consumer goods in 2023 amounted to RMB47.15 trillion, a year-on-year increase of 7.2%, becoming the core driving force of China's economic growth. Among them, the revenue of the catering industry exceeded RMB5 trillion for the first time, reaching RMB5,289 billion, a year-on-year surge of 20.4%, with a higher growth rate than other consumer sectors. The revenue of the catering industry in Guangdong Province in 2023 was RMB576.344 billion, representing a year-on-year increase of 26.5%. In the first quarter of this year, total retail sales of consumer goods and catering revenues also continued to increase, growing by 4.7% and 10.8% year-on-year respectively, indicating that the domestic catering industry has fully recovered and there is huge room for market development.

BUSINESS REVIEW

In light of the revival of the catering industry and the changing consumption and catering patterns in the post-pandemic era, the Group maintained the branding strategy of full-time catering and increased the number of brands and categories under its "Concept Line (概念線)", as well as extending its business to a full-day operation with diverse options, so that customers can cater in the Group's restaurants at any time.

The Group has been expanding its catering brands in residential areas at a moderate and prudent pace. As at 31 March 2024, the Group operated a total of 107 restaurants in Hong Kong, including 15 restaurants under the "Fulum (富臨)" main brand, 7 restaurants under the "Sportful Garden (陶源)" main brand, 80 restaurants under the "Concept Line (概念線)" main line as well as 5 food courts, and 3 restaurants in the Mainland China.

During the financial year under review, the Group offered customers with a traditional Chinese dining experience under the "Fulum (富臨)" main brand and "Sportful Garden (陶源)" main brand. The "Fulum (富臨)" main brand offers a wide variety of Cantonese delicacies for the mass market, including seafood, dim sum and hotpot, as well as luxurious venues with unique decorations and sophisticated catering experience for wedding banquets and events. Restaurants under the "Sportful Garden (陶源)" main brand focus on mid-to-high-end Cantonese cuisine and attract customers who put a high value on quality with luxurious decorations. In the post-pandemic era, there is a change in people's dining habits, as more people choose to cook at home or purchase takeaway. The Group has also adjusted its operating strategy and actively developed an online shopping platform under Fulum (富臨) to cater to the tastes and needs of the market by regularly launching selected set meals for self-pickup delivery, BBQ assortment and dishes for self-pickup delivery to attract customers both online and offline.

During the period, the Group actively introduced multi-national cuisines into the "Concept Line (概念線)" series and is committed to creating a full-time catering ecosphere to cater to the catering needs of consumers of different age groups. In recent years, local consumers' demand for new style dishes has increased significantly, with a variety of tastes. When introducing multi-national cuisines, the Group adopted the concept of "small shop model, group management", while providing consumers with authentic Korean izakaya food and Korean barbeque restaurants with traditional culture, classy and casual cafes, authentic Thai food and fine dining restaurants, at different price points and different cuisines to cater to the needs of our customers.

In addition, the Group continued to expand its food court footprint by opening a new food court under new brand name at a new shopping mall in Kai Tak, introducing different restaurant brands from different regions to bring more culinary choices to the local residents. Currently, the Group's food courts cover residential areas such as Yuen Long, Tuen Mun, and Kai Tak. In the future, the Group will continue to look for suitable locations in residential areas and open more food courts.

During the Reporting Period, the Group continued to capitalise on the recovery of domestic consumption with the addition of a Korean barbecue concept restaurant in Zhuhai, Guangdong Province. In addition, a casual coffee shop was set up in the Macau Special Administrative Region. In the future, the Group will continue to look for suitable opportunities to promote its diversified and quality catering brands across Mainland China and other Asian regions.

FINANCIAL REVIEW

During the year under review, the Group's revenue increased by approximately 12.2% to approximately HK$1,841.2 million (2023: approximately HK$1,641.5 million) from last year.

The following table sets forth the breakdown of the Group's main revenue and percentage change by line of business for the financial years indicated:

	2024 HK$'000	2023 HK$'000	**Change %**
Restaurant operations			
"Fulum (富臨)" main brand	**755,440**	646,775	**16.8**
"Sportful Garden (陶源)" main brand	**220,836**	207,897	**6.2**
"Concept Line (概念線)"	**763,183**	678,309	**12.5**
Sale of food and other operating items	**51,480**	66,196	**(22.2)**

During the year under review, the Group's gross profit margin increased to 72.6% (2023: approximately 70.1%). The Group recorded a profit attributable to owners of the Company of approximately HK$50.6 million for the year ended 31 March 2024 when compared with a profit attributable to owners of the Company of approximately HK$21.1 million for the year ended 31 March 2023 which the increase was mainly due to recognition of deferred tax credit of approximately HK$38,986,000 which arose from the crystallization of tax losses.

PROSPECTS AND OUTLOOK

Affected by factors such as the high interest rate environment and geopolitical tensions, the pace of global and local economic recovery has been slow. The Group will pay close attention to the development of various factors, take timely optimization measures to improve operation and production efficiency. In line with the full-time catering branding strategy, the Group will adjust the menu and branch portfolio of each of its brands to cope with the ever-changing market environment and to satisfy customers' needs. We believe this approach will foster a sustainable and stable business growth for the Group while delivering returns to our shareholders.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 31 March 2024, the Group's total assets increased to approximately HK$1,274.5 million (2023: approximately HK$991.2 million). As at 31 March 2024, the Group recorded total equity of approximately HK$193.4 million (2023: approximately HK$145.3 million). The increase in the total equity of the Group as at 31 March 2024 mainly resulted from profit attributable to owners of the Company of approximately HK$50.6 million for the year ended 31 March 2024.

As at 31 March 2024, the Group had approximately HK$121.8 million in cash and bank balances available (2023: approximately HK$169.8 million). The current ratio of the Group was approximately 0.45 (2023: approximately 0.6).

As at 31 March 2024, the Group's total borrowings amounted to approximately HK$281.4 million (2023: approximately HK$308.9 million), which mainly consisted of term loans in the amount of approximately HK$265.7 million (2023: approximately HK$293.2 million) and a revolving loan of approximately HK$15.7 million (2023: approximately HK$15.7 million). These borrowings were denominated in Hong Kong dollars, and the effective interest rates ranged from approximately 5.53% to 6.72% per annum.

The gearing ratio, calculated as total interest-bearing borrowings divided by total assets, was approximately 22.1% as at 31 March 2024 (2023: approximately 31.2%).

CAPITAL EXPENDITURE

The capital expenditure during the year under review was primarily related to expenditures on additions and renovation of property, plant and equipment and investment property for the Group's central kitchen and logistics center, new restaurants and maintenance of existing restaurants. The capital commitments were related to leasehold improvements and equipment for our restaurants.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group had contingent liabilities not provided for in the consolidated financial statements in the amount of approximately HK$19.6 million (2023: approximately HK$16.7 million) in relation to bank guarantees given in lieu of rental and utility deposits.

FOREIGN CURRENCY EXPOSURE

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (to the extent that revenue or expenses are denominated in a currency that is different from the functional currency of the relevant subsidiaries of the Group). Majority of the Group's purchase during the year under review was denominated in the functional currency of the relevant subsidiaries.

The Group's assets, liabilities and transactions are mainly denominated in Hong Kong dollars. Certain of the Group's bank balances are denominated in Renminbi ("**RMB**") which is not freely convertible into other currencies. However, under Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations of the PRC, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The Directors are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks and therefore no hedging arrangements were made. However, the Group will review and monitor the relevant foreign exchange exposure from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when appropriate.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 March 2024, the Group had approximately 1,922 employees. The Group believes that hiring, motivating and retaining qualified employees are crucial to the Group's success as a restaurant operator. During the year under review, the Group conducted a series of standardised training and advancement programs for all the Group's staff, from serving staff, cashiers, floor managers, chefs, restaurant managers to district managers. These training programs intend to ensure that all new staff are equipped with the skills required for their positions. The Group's internal advancement programs can provide its staff with clear advancement guidelines and promote employee satisfaction. The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance and commission/bonuses.

In addition to the above, a share option scheme is adopted for rewarding and retaining Directors and employees for the continual operation and development of the Group.

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 31 March 2024, the Company had outstanding bank loans of approximately HK$281.3 million, of which approximately HK$76.7 million were secured, and approximately HK$204.6 million were unsecured. As at 31 March 2024, the Company had lease liabilities recognised on the application of HKFRS 16 "Leases" of approximately HK$597.3 million, of which approximately HK$261.7 million were due within one year and approximately HK$335.6 million were due after one year.

As at 31 March 2024, certain assets of the Group with a carrying amount in aggregate of HK$165.7 million (2023: HK$168.1 million) were pledged to secure its bank borrowings.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the year under review, there was no material acquisition or disposal of subsidiaries or associated companies of the Company.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

The Group had no significant investments with a value of 5% or above of the Group's total assets as at 31 March 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group has no concrete plan for future investments or acquisition of capital assets in place as at the date of this annual report.

DIVIDENDS

The Board recommends a final dividend of HK$0.3 cents per ordinary share for the year ended 31 March 2024 to shareholders whose names appear on the register of members of the Company on 4 October 2024. The final dividends are subject to the approval of the shareholders of the Company at the forthcoming annual general meeting and, if approved, are to be payable in cash.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

EXECUTIVE DIRECTORS

Mr. Yeung Wai 楊維

Mr. Yeung Wai ("**Mr. Yeung**"), aged 60, has been an executive Director and the chairman of the Board since 24 February 2014. Co-founding the Group with Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei in 1992, he is primarily responsible for the Group's overall operation management and the governance and implementation of corporate strategies as well as overseeing the strategic planning of business and marketing.

Mr. Yeung began his career in the food and beverage industry ("**F&B industry**") in the 1980s with over 31 years of relevant experience. Prior to founding of the Group, he had served various important positions in a number of well-known restaurants in Hong Kong and accumulated extensive experience in the management and day-to-day operations of restaurants.

As a restaurant entrepreneur, Mr. Yeung has been recognised in the F&B industry in Hong Kong and served several positions in the industry. He was appointed to the Quality Tourism Services Association (優質旅遊服務協會) as a governing council member from 2013 to 2015. Currently, he is a Director of the Association of Restaurant Managers (現代管理（飲食）專業協會) and also a permanent member of The Chinese General Chamber of Commerce (香港中華總商會).

Mr. Yeung is the brother of Mr. YC Yeung, our controlling shareholder, and Mr. YK Yeung, the father of Mr. Yeung Ho Wang, and the uncle of Mr. Yeung Chun Nin. He is also a director of all members of the Group.

Mr. Yeung Ho Wang 楊浩宏

Mr. HW Yeung, aged 36, has been an executive Director since 13 May 2021 and has been appointed as our chief executive officer with effect from 13 January 2023, and is responsible for overseeing the management and operation of our Group.

Mr. HW Yeung has over 10 years of experience in operation management and strategic planning especially in the F&B industry in Hong Kong. He joined the Group as the operation manager in August 2014 and was primarily responsible for policy enforcement and corporate management. He received a Bachelor Degree of Science in Business Management and a Master Degree of Science in Food Management from the University of Surrey in July 2011 and November 2012 respectively.

In addition, Mr. HW Yeung has also held positions in various industry associations and actively participated in their affairs in fulfilling their social responsibilities to give back to the community. He is currently president of the Association of Restaurant Managers, chairman (Affairs of Food and Beverage Industry) of Greater Bay Area Economic and Trade Association, vice president of the Hong Kong Smart Catering Association, officer of the Hong Kong Quality Tourism Services Association and a member of the Korean Chamber of Commerce in Hong Kong.

To put it simply, Mr. HW Yeung has been actively responding to market needs and promoting innovation in Hong Kong catering industry with tenacity, enthusiastically supporting the work of various industry associations and striving for advancement and improvement with all their members.

Mr. HW Yeung is the son of Mr. Yeung, the nephew of Mr. YK Yeung and a cousin of Mr. Yeung Chun Nin. Mr. HW Yeung is also a nephew of Mr. YC Yeung, our controlling shareholder.

Mr. Yeung Yun Kei 楊潤基

Mr. YK Yeung, aged 62, has been an executive Director since 10 June 2014. He is the co-chief operating officer of the Group and one of the founders of the Group. His chief responsibilities are the management and strategic development of the restaurants under our "Fulum (富臨)" main brand.

Prior to founding the Group in 1992, Mr. YK Yeung was an experienced practitioner in the F&B industry in Hong Kong with over 31 years of extensive experience, serving various positions in a number of restaurants in Hong Kong.

Mr. YK Yeung has been well recognised in the F&B industry. In the year of 2009 to 2010, he was awarded a "platinum five-star medal" (白金五星勛章) in the "China Hotel Industry 100 Elites" (飯店業中華英才百福榜). His industry recognition also includes his position as a current director of the Hong Kong Federation of Restaurants and Related Trades (香港餐飲聯業協會). He also received the "gold belt certificate" from, and was elected as a director of, The HK 5-S Association (香港五常法協會) in July 2013.

Mr. YK Yeung is the brother of Mr. Yeung and Mr. YC Yeung, our controlling shareholder, and the uncle of Mr. HW Yeung and Mr. Yeung Chun Nin. Mr. YK Yeung is also a director of the following members of the Group:

- Fulum Management Limited
- China Easy Investment Limited
- Fulum Shopping Network Company Limited
- China Weal (HK) Limited

Mr. Leung Siu Sun 梁兆新

Mr. Leung Siu Sun ("**Mr. Leung**"), aged 62, has been an executive Director since 10 June 2014. He is the executive chef of the Group and heads the production and procurement departments, central kitchen and logistics centre. His responsibilities include managing productions, developing new products and quality control.

With over 31 years of experience, Mr. Leung is a seasoned chef with working experience in the F&B industry in Hong Kong, the PRC and Japan. His career highlights include his positions at Maxim's Caterers Limited in Hong Kong, The Garden Hotel Guangzhou in the PRC, and The Royal Hotel in Aomori, Japan, all held in the 1980s. Mr. Leung was appointed as a committee member of the Famous Chefs Committee of the World Master Chefs Association for Chinese Cuisine (世界粵菜廚皇協會) in year 2016. He was awarded the Chinese Cuisine Chef Achievements Award by Unilever Hong Kong Limited (香港聯合利華有限公司) in year 2017. Mr. Leung joined our production department in July 1995 as a chef and has since been involved in the quality assurance functions. He was promoted to his current position of executive chef in June 2004.

Mr. Leung sought to improve his industry knowledge by completing the "green belt" certificate course organised by The HK 5-S Association (香港五常法協會) in April 2007, and was subsequently advanced to the "black belt" certificate in July 2013. Mr. Leung has also attended an overseas training course on advanced food production and management organised by the Hong Kong Productivity Council and was helmed as a member of Les Amis d'Escofficer Society, Inc. (廚皇會大使), an international non-profit organisation promoting fine dining, in February 2005. Mr. Leung received a certificate for food hygiene managers from the Hong Kong Christian Service Kwun Tong Vocational Training Centre in April 2005.

Mr. Yeung Chun Nin 楊振年

Mr. Yeung Chun Nin, aged 39, has been an executive Director since 30 June 2022. He has over 11 years of experience in catering operation. He joined the Group in 2009, and has been the business director of "Sportful Garden (陶源)", the Group's main brand, where he has been primarily responsible for corporate management and strategic planning since 2016. Mr. Yeung Chun Nin obtained a Bachelor Degree of Science in Business Management from the University of Nottingham in the United Kingdom in 2008.

Mr. Yeung Chun Nin has been actively promoting development of the local catering industry. He has been a member of the Hong Kong Federation of Restaurants & Related Trades Limited (香港餐飲聯業協會) (the "**Federation**") since 2017 and is currently the president of the Federation. In addition, he is currently chairman of the Hong Kong Federation of Restaurants and Related Trades, the convenor of the Industry Committee of the Chinese Manufacturers' Association of Hong Kong, a member of the 8th Session of the Promotion and International Affairs Committee of Hong Kong Brand Development Council, the executive committee member and vice president of Federation of Hong Kong Zhuhai Community, vice chairman of the Youth Committee of Federation of Hong Kong Zhuhai Community, a member of the 10th Session of the Zhuhai-Xiangzhou District Committee of the Chinese People's Political Consultative Conference, and vice president of Zhuhai Xiangzhou Friendship Association.

Mr. Yeung Chun Nin is the nephew of both Mr. Yeung and Mr. YK Yeung, and a cousin of Mr. HW Yeung. Mr. Yeung Chun Nin is also the son of Mr. YC Yeung, our controlling shareholder.

NON-EXECUTIVE DIRECTOR

Mr. Wu Kam On Keith 鄔錦安

Mr. Wu Kam On Keith ("**Mr. Wu**"), aged 49, had been an independent non-executive Director and the chairman of Audit committee since 28 October 2014 and had further been appointed as an executive Director and the chief executive officer of the Group since 13 May 2021. Subsequently, he has been re-designated as a non-executive Director since 13 January 2023. Mr. Wu will continue to serve as the vice chairman of the Board and hence will become a non-executive vice chairman.

Mr. Wu has extensive experience in the F&B industry in Hong Kong as well as over 26 years of financial and accounting experience. Mr. Wu joined the Group as an independent non-executive Director since October 2014. He had been an executive director and the group chief operation officer of Tsit Wing International Holdings Limited ("**Tsit Wing**") (stock code: 2119), which is a leading integrated B2B coffee and black tea solutions provider in Hong Kong, Macau and the PRC with an established food products business, from January 2010 to May 2021, respectively. Prior to joining Tsit Wing, he was an accountant of Hongkong International Terminals Limited which operates a number of ports at the Kwai Chung Container Terminals, Hong Kong, from April 2001 to June 2004 and practiced as a certified public accountant at Deloitte Touche Tohmatsu from June 1997 to July 2000.

Mr. Wu received a Bachelor of Arts (Honours) in Accountancy from the City University of Hong Kong in November 1997, a degree of Master of Corporate Governance from the Hong Kong Polytechnic University in October 2009 and a Postgraduate Certificate in Sustainable Value Chains from the University of Cambridge in May 2019. Mr. Wu was admitted as a fellow and accredited as an authorized supervisor of Hong Kong Institute of Certified Public Accountants in September 2008 and July 2012, respectively. He was admitted as a fellow and registered as a certified tax advisor of The Taxation Institute of Hong Kong in July 2010 and August 2010, respectively. He was also admitted as a fellow associate, chartered secretary

and chartered governance professional of The Hong Kong Chartered Governance Institute in September 2018 and elected as a fellow associate, chartered secretary and chartered governance professional of The Chartered Governance Institute in the United Kingdom in September 2018. In May 2024, Mr. Wu worked as an Adjunct Assistant Professor at the HKU Business School. In terms of the industry sector, Mr. Wu is also Chairman of GS1 HK Food Industry Advisory Board, Vice Chairman of Hong Kong Japanese Food and Cuisine Association and a member of the executive committee member of Group 8 (food, beverages and tobacco) of the Federation of Hong Kong Industries.

Mr. Wu has been an executive director of Tsit Wing from January 2010 to May 2021 and an independent non-executive director of Hao Bai International (Cayman) Limited (stock code: 8431) from January 2017 to April 2020 and Sanbase Corporation Limited (stock code: 8501) from December 2017 to February 2020, the shares of both companies are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Ngai Man Raymond 伍毅文

Mr. Ng Ngai Man Raymond ("**Mr. Ng**"), aged 63, has been an independent non-executive Director since 22 September 2017 and supervises the overall management of the Group.

Mr. Ng has over 31 years of experience in the legal industry in Hong Kong. Mr. Ng is currently the partner of Messrs. Fung, Wong, Ng & Lam LLP Solicitors. Prior to his current placement with Messrs. Fung, Wong, Ng & Lam LLP Solicitors, Mr. Ng worked as an executive officer of the Government of Hong Kong from October 1985 to September 1989. Subsequent to his graduation from the University of London in August 1989 and completion of his articleship at Messrs. C.C. Lee & Co. in September 1992, he was qualified as a solicitor in Hong Kong in October 1992. Mr. Ng worked as an assistant solicitor in Messrs. Ko & Co from October 1992 to December 1995. In January 1996, Mr. Ng set up Messrs. Chan, Ng & Lam and worked as a partner. The firm changed its name to Messrs. Fung, Wong, Ng & Lam Solicitors & Notaries in March 1999. From April 1999 to March 2016, he worked as a partner of Messrs. Fung, Wong, Ng & Lam Solicitors & Notaries. On 1 April 2016, Messrs. Fung, Wong, Ng & Lam Solicitors & Notaries changed its names to Messrs. Fung, Wong, Ng & Lam LLP Solicitors whereat Mr. Ng has since been serving as a managing partner.

Mr. Ng graduated from the Chinese University of Hong Kong with a degree of Bachelor of Social Sciences in December 1985. He subsequently obtained his degree of Bachelor of Laws from the University of London (external studies) in August 1989. He has been an accredited mediator of the Hong Kong International Arbitration Centre since October 2002 and a civil celebrant of marriages since June 2006. Mr. Ng has also been appointed as a Chinese Attesting Officer by the Ministry of Justice of China since December 2015. He has been a member of the Foshan-Sanshui District Committee of the Chinese People's Political Consultative Conference since November 2016. Mr. Ng was among the first lawyers being licensed to practice within the Guangdong-Hong Kong-Macao Greater Bay Area in September 2022. He has been appointed as distinguished research fellow of the Institute of International Strategy and Law of Zhejiang University in April 2023.

Mr. Wong Wai Leung Joseph 黃偉樑

Mr. Wong Wai Leung Joseph ("**Mr. Wong**"), aged 68, has been appointed as an independent non-executive Director since 7 May 2021 and is responsible for supervising the overall management of the Group.

Mr. Wong has over 31 years of experience in the accounting and financial service industry. Mr. Wong has been an independent director of Cordlife Group Limited, the shares of which are listed on the Singapore Exchange Limited, from September 2014 to May 2024. Mr. Wong was an executive director of Credit Agricole (Suisse), Hong Kong from June 2006 to June 2012, where he served clients on wealth management. From February 1988 to May 2006, Mr. Wong worked at Deloitte Touche Tohmatsu, during which he was engaged in a wide spectrum of business domains, including initial public offerings, taxation and asset protection plans for high-net worth individuals.

Mr. Wong holds a Bachelor of Commerce from the University of Calgary in Alberta, Canada. He is a member of the Hong Kong Independent Non-executive Director Association and Singapore Institute of Directors.

Mr. Chan Chun Bong Junbon 陳振邦

Mr. Chan Chun Bong Junbon ("**Mr. Chan**"), aged 42, has been appointed as an independent non-executive Director since 13 May 2021 and is responsible for supervising the overall management of the Group.

Mr. Chan has over 15 years of experience in corporate management, business expansion and brand marketing in the areas of real estate, fast moving consumer goods, retail and wholesale. Mr. Chan is the founder and the chief executive officer of Block Group International Holdings Limited (奧創國際(控股)有限公司), a company established in February 2019 and principally engaged in the provision of property investment consultancy services. Mr. Chan also serves in several companies. He has been a director of Yick Fung Hong Commercial Development Co., Ltd (億豐行商業發展有限公司, a company principally engaged in property investment) since May 2017 and a general manager of YFH Management Services Limited (億豐行管理服務有限公司, a company principally engaged in property management) since March 2017 respectively. He has been a general manager of Guangzhou NAOMI Cosmetics Co., Ltd.* (廣州市娜娥美化妝品有限公司) from May 2015. In addition, Mr. Chan has been a director of Wayway Daily Necessities (Dongguan) Ltd.* (東莞威威日用品有限公司, a detergent manufacturer) and Yick Fung Hong Cosmetic & Detergent Co. Ltd. (億豐行化妝洗劑有限公司, which principally engages in manufacturing and sale of cosmetic and detergent) from September 2014 and May 2015 respectively. Prior to that, he worked at Sa Sa Cosmetic Company Limited, a wholly-owned subsidiary of Sa Sa International Holdings Limited (a company currently listed on the Main Board of the Stock Exchange (stock code: 178)) from March 2010 to March 2015, and he last served as a senior business development manager. Mr. Chan graduated from Monash University with dual degree of Bachelor of Commerce and Bachelor of Arts in November 2004. Moreover, Mr. Chan obtained a professional executive diploma in Sustainability, Environmental, Social, Corporate Governance and Green Finance from the Hong Kong Management Association in 2023, demonstrating his great emphasis on continuing education development.

As an entrepreneur actively engaging in product marketing and branding, Mr. Chan attaches great importance to the development of intellectual property rights (IPR) business operation and actively promotes IP trade-related activities and co-operation projects in his business operations. He founded Creative IP Farm, a non-profit making social enterprise, in October 2023, with a vision to promote cross-discipline co-operation by using products as a platform and fostering innovative research and development of local craftsmanship and brands, and to actively promote the concept of IP trade to foster growth in domestic economy driven by creativity. Moreover, Mr. Chan has been actively involved in community services and philanthropic activities in Hong Kong and the PRC. He has been a member of the Hong Kong Community Chest Campaign Committee and the co-chairman of the "Community for the Chest" Television Show since April 2012. He was appointed as the honorary president of the Wan Chai District Arts, Cultural, Recreational and Sports Association Limited (灣仔區文娛康樂體育會有限公司) as well as honorary president of the Hong Kong Quarry Bay Residents Association Limited (香港鰂魚涌居民協會有限公司) respectively in November 2018. Mr. Chan has also been a member of the Action Committee Against Narcotics Sub-committee on Preventive Education and Publicity (禁毒教育及宣傳小組委員會) of the Narcotics Division of the Security Bureau of Hong Kong since March 2019. In addition, He was appointed as a member of the 13th session of the Standing Committee of the Dongguan Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十三屆東莞市委員會常務委員會) in January 2018 and a Hong Kong region member of the 13th session of the committee of the All-China Youth Federation (中華全國青年聯合會) since August 2020, and was appointed as a member of Hospital Governing Committees of Hong Kong (Kwai Chung Hospital & Princess Margaret Hospital) since April 2022.

Mr. Chan has attained outstanding achievements in the field of corporate innovation and economic construction. In September 2019, he was awarded the "Asian Chinese Leadership Award" by the Chartered Institute of Management of Canada and the Asian Institute of Knowledge Management. In the same year, he was also awarded the 2019 "Global Chinese Outstanding Youth Award (全球華人傑出青年)" which recognizes outstanding young leaders of the world for their achievements in serving the society, promoting social welfare and establishing a model for the new generation.

SENIOR MANAGEMENT

Mr. Ip Ban 葉彬

Business Director

Mr. Ip Ban ("**Mr. Ip**"), aged 63, is the Group's chief business officer who joined the Group in 2006. Mr. Ip was appointed to his current position in April 2019 and is primarily responsible for setting business targets and executing the day-to-day business management of restaurants under the "Fulum" main brand. Mr. Ip has over 41 years of experience in restaurant operations. He also served as the store manager of certain restaurants of the Group from 2006 to 2009. He subsequently returned to the Group in October 2012 and served as the regional manager from March 2014 to March 2019.

CORPORATE GOVERNANCE PRACTICES

Corporate governance is the responsibility of the Board and the Board believes that good corporate governance is essential for long-term success and sustainability of our business.

This report describes the corporate governance practices adopted by the Company and highlights how the Company has applied the principles of the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

CORPORATE GOVERNANCE CODE

The Board periodically reviews the Group's corporate governance practices to ensure its continuous compliance with the code provisions of the CG Code (to the extent such provisions are applicable) as set out in Appendix C1 to the Listing Rules. Throughout the year ended 31 March 2024, the Board considered that the Company has complied with the code provisions set out in the CG Code.

As to the gender diversity required to be disclosed under the amended CG Code effective from 1 January 2022, the Board has been evaluating on appropriate plan for such diversity with reference to the relevant experiences and skills of the Board members, the Board compositions of market peers and the business development of the Group. The Board will continue to commit to maintaining a high standard of corporate governance practices to safeguard the interests of the shareholders of the Company, and to enhance corporate value and accountability. These objectives can be achieved by an effective Board, segregation of duties with clear responsibility, sound internal controls, appropriate risk assessment procedures and transparency to all the Company's shareholders.

CORPORATE CULTURE AND STRATEGY

The Company is dedicated to upholding high standards of corporate governance, including transparency, independence, accountability, responsibility, and fairness. These principles are regularly evaluated and updated to meet changing regulatory requirements and corporate governance developments. The Board believes that adhering to these standards is vital for its long-term performance and value creation for our Shareholders, the investing public and the other stakeholders.

The Company also recognises the importance of integrity, ethical conduct, and responsible business practices, which are instilled and continually reinforced across the Group. The Company's culture and values of acting lawfully, ethically, and responsibly are integral to its operations, long-term growth and sustainability and is essential to its success.

The Board has established the Company's purpose, values, and strategy, and has satisfied itself that the Company's culture is aligned. By acting with integrity and leading by example, the Directors aim to maintain and further enhance to promote the desired culture within the Group.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct (the "**Code of Conduct**") regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Based on responses of specific enquiries made with the Directors, all of the Directors have confirmed that they have complied with required standards as set out in the Model Code and Code of Conduct throughout the year ended 31 March 2024 and up to the date of this annual report.

BOARD OF DIRECTORS

The Board is responsible for formulating overall strategic policies of the Company, setting objectives for the management and monitoring the performance of the management. The management of the Company implements the strategic decisions and deals with operational matters of the Group under the delegation and authority of the Board.

The Board considers that it possesses various experience, capabilities, and expertise suitable for and relevant to the Company's businesses in order to provide sound judgement on strategic issues and effective oversight of and guidance to management. The Board includes experts in catering, food and beverage area and professionals in accounting and finance.

The Board has a balanced composition of executive and non-executive Directors to ensure independent viewpoints in all discussions. The Board currently comprises nine directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. Board members are listed below:

EXECUTIVE DIRECTORS

Mr. Yeung Wai *(Chairman)*
Mr. Yeung Ho Wang *(Chief Executive Officer)*
Mr. Yeung Yun Kei
Mr. Leung Siu Sun
Mr. Yeung Chun Nin

NON-EXECUTIVE DIRECTOR

Mr. Wu Kam On Keith *(Vice Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Ngai Man Raymond
Mr. Wong Wai Leung Joseph
Mr. Chan Chun Bong Junbon

Biographical information of the Directors and their relationship (if any) are set forth on pages 14 to 19 of this annual report.

NON-EXECUTIVE DIRECTOR

The non-executive Director has entered into an appointment contract with the Company for an initial term of three years commencing from 13 January 2023. His appointment under the appointment contract will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company or any other applicable laws from time to time.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have been appointed by the Company for a term of three years, renewable automatically for successive terms of one month each commencing from the next day after the expiry of the then current term of appointment. Such appointment may be terminated in accordance with the terms of the letters of appointment, including by either party giving to the other party not less than three months' advance written notice of termination. In compliance with Rules 3.10A, 3.10 (1) and (2) of the Listing Rules, the Company has appointed three independent non-executive Directors representing not less than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise.

Confirmation of Independence

Each of the independent non-executive Directors has given an annual confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the relevant requirements under the Listing Rules.

The Company recognises that Board independence is key to good corporate governance. The Company has in place effective mechanisms, including but not limited to entitling the Directors and members of the Board committees to seek independent professional advice on matters relating to the Company where appropriate at the Company's expense, to ensure independent views and input are available to the Board. These mechanisms in place are subject to annual review by the Board that underpins a strong independent Board and independent views. A private meeting between the Chairman and the independent non-executive directors without the presence of other directors takes place at least once a year.

The Company has reviewed and considered the implementation of the mechanisms in relation to the Board's independence to be effective during the period under review.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year, Mr. Yeung has been the chairman, while Mr. HW Yeung has been the chief executive officer of the Company.

Chairman and chief executive officer are two key aspects of the management of a company. Chairman performs the management of the Board and chief executive officer performs the day-to-day management of the business.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

On appointment to the Board, the Directors have been provided with comprehensive induction to ensure that (i) they have a proper understanding of the business and operations of the Company; (ii) they are fully aware of the responsibilities and obligations as being a director of a listed company; and (iii) the compliance practice under the Listing Rules. Directors are kept updated on the statutory and regulatory development and changes in the business and the market so as to facilitate the discharge of their responsibilities. Continuous briefing and professional development for Directors will be arranged where necessary.

During the year ended 31 March 2024, the Directors were provided with monthly updates on the Company's performance and position to enable the Board as a whole and each Director to discharge their duties. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year ended 31 March 2024, the Directors participated in the following training:

Name of Directors	**Type of continuous professional development** *(Note)*
Executive Directors	
Mr. Yeung Wai	R
Mr. Yeung Ho Wang	R
Mr. Yeung Yun Kei	R
Mr. Leung Siu Sun	R
Mr. Yeung Chun Nin	R
Non-executive Director	
Mr. Wu Kam On Keith	A, R
Independent non-executive Directors	
Mr. Ng Ngai Man Raymond	A, R
Mr. Wong Wai Leung Joseph	A, R
Mr. Chan Chun Bong Junbon	A, R

Note:

A: attending briefing sections and/or seminars relating to matters in financial, legal and corporate governance.

R: reading training materials prepared by the legal advisers to recap the corporate governance and directors' duties and responsibilities; reading newspapers, journals and updates relating to the economy and business in general.

BOARD MEETINGS

The Board met regularly in person or by means of electronic communication. It is intended that the Board should meet at least four times a year pursuant to code provision C.5.1 of the CG Code. Regular board meetings are usually scheduled in the first quarter of the year to give all directors adequate time to plan their schedules to attend. Directors receive at least 14 days' prior written notice of regular board meetings together with the meeting agenda. For other board meetings, notice is given in a reasonable time in advance.

During the year ended 31 March 2024, the Board has convened and held 8 Board meetings.

BOARD COMMITTEES

To facilitate the work of the Board, board committees have been set up with written terms of reference which clearly define the role, authority and functions of each committee. Each board committee is required to report their decisions or recommendations to the Board. Details of Directors' attendances at the board committee meetings are shown below.

The composition, role and function and summary of work done of each board committee are as follows:

Executive Committee

The Company established an executive committee (the "**Executive Committee**") on 31 December 2014 with written terms of reference. The primary duties of the Executive Committee include the approval and entering into any agreement or document or transaction on behalf of the Company as the committee may consider necessary or desirable in connection with the normal and ordinary course of business and the day-to-day management and operation of the Company. Currently, Mr. Yeung, Mr. HW Yeung, Mr. YK Yeung, Mr. Leung, and Mr. Yeung Chun Nin, all being executive Directors, are members of the Executive Committee, with Mr. Yeung being the chairman.

During the year ended 31 March 2024, the Executive Committee has convened 12 meetings.

Audit Committee

The Company established the audit committee (the "**Audit Committee**") on 28 October 2014 with the written terms of reference revised and adopted on 1 February 2016 and 28 December 2018. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditor, to review the financial statements and material advice in respect of financial reporting and to oversee the audit process, risk management system and internal control procedures of the Group. Currently, Mr. Ng Ngai Man Raymond, Mr. Wong Wai Leung Joseph and Mr. Chan Chun Bong Junbon, all being independent non-executive Directors, are members of the Audit Committee, with Mr. Wong Wai Leung Joseph being the chairman. During the year ended 31 March 2024, the Audit Committee has convened two meetings.

The work performed by the Audit Committee during the year ended 31 March 2024 included (i) reviewing external auditor's management letter and management response; (ii) reviewing the interim and annual reports of the Group before submission to the Board for approval; (iii) reviewing the progress and effectiveness of the Group's internal control and risk management; (iv) reviewing the continuing connected transactions of the Company; and (v) considering the terms of engagement and remuneration of external auditor for its provision of audit and permitted non-audit related services.

The terms of reference of the Audit Committee include the following corporate governance functions delegated by the Board:

1. develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters;

2. review and monitor the training and continuous professional development of Directors and senior management;

3. review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

5. review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and

6. review and monitor the Company's compliance with the Company's whistleblowing policy.

At the Audit Committee's meeting, members of the Audit Committee had performed the above-mentioned corporate governance functions by reviewing the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements.

Nomination Committee

The Company established the nomination committee (the "**Nomination Committee**") on 28 October 2014 with written terms of reference. The Nomination Committee has three members currently comprising Mr. Chan Chun Bong Junbon and Mr. Ng Ngai Man Raymond, being independent non-executive Directors and Mr. Yeung, an executive Director. The Nomination Committee is chaired by Mr. Chan Chun Bong Junbon.

The Nomination Committee is mainly responsible for, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on matters relating to the appointment and re-election of Directors. The Committee will also periodically review the nomination policy (the "**Nomination Policy**") and the board diversity policy of the Company (the "**Board Diversity Policy**"), as appropriate, to ensure the effectiveness of these policies and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. During the year ended 31 March 2024, the Nomination Committee has convened one meeting and had performed the above mentioned duties.

The Board Diversity Policy

During the year ended 31 March 2024, the Nomination Committee had reviewed the Board Diversity Policy and reported on the Board's composition under diversified perspectives, and had monitored the implementation of the Board Diversity Policy.

Pursuant to the Board Diversity Policy adopted by the Board, when reviewing the composition of the Board and considering the nomination of new Directors, the Nomination Committee will take into account gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of potential candidates and also business needs of the Company.

With reference to the business needs of the Group, measurable objectives have been set for implementing the Board Diversity Policy. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to the Board.

During the year, the Company has achieved the following measurable objectives:

(1) at least one-third of the Board is composed of independent non-executive Directors;

(2) at least one-third of the Board are holders of a Bachelor's degree or above;

(3) at least one Director is a qualified accountant;

(4) at least one Director has relevant experience in F&B industry; and

(5) at least one Director has relevant experience in finance.

The Board will the take opportunity to invite female members over time to join the Board when selecting and making recommendation on suitable candidates with reference to the Nomination Policy of the Company for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender diversity by 2024.

As at 31 March 2024, the ratio of male and female in the workforce (including the executive directors and senior management) is 33.8% and 66.2%, respectively.

As such, the Company's workforce (including the executive directors and senior management) has achieved reasonable gender diversity between males and females which aligns with the characteristics of the F&B industry. The Company would continue to take into account of diversity perspectives including gender diversity in its hiring.

Based on the review by the Nomination Committee, the Nomination Committee considers that the Company has achieved the measurable objectives set for implementing the Board Diversity Policy for the year under review. The Nomination Committee will monitor the implementation and effectiveness of the Board Diversity Policy on an annual basis.

The Nomination Policy

On 28 November 2018, the Board adopted the Nomination Policy on the recommendation of the Nomination Committee, which describes the procedure by which the Company will select candidate(s) for possible inclusion in the Board. The Board considers the Nomination Policy could strengthen the transparency and accountability of the Board and Nomination Committee and election of directors. In assessing the suitability of a proposed candidate before recommending to the Board for it to consider and make recommendations to the shareholders of the Company for election as Directors at general meetings or appoint as Directors to fill casual vacancies, the Nomination Committee will consider: (i) character and integrity of the proposed candidate; (ii) qualifications of the proposed candidate including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; (iii) accomplishment and experience of the proposed candidate in the business from time to time conducted, engaged in or invested in by any member of the Group; (iv) commitment of the proposed candidate in respect of available time and relevant interest; (v) requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules; (vi) board diversity policy and any measurable objectives for achieving diversity on the Board; and (vii) such other perspectives appropriate to the Company's business. The Nomination Committee also ensures the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee will monitor the implementation of the Nomination Policy and report to the Board when necessary.

Remuneration Committee

The Company established the remuneration committee (the "**Remuneration Committee**") on 28 October 2014 with written terms of reference. The Remuneration Committee has three members currently comprising Mr. Wong Wai Leung Joseph and Mr. Ng Ngai Man Raymond, being independent non-executive Directors and Mr. Yeung, an executive Director. The Remuneration Committee is chaired by Mr. Ng Ngai Man Raymond.

The primary duties of the Remuneration Committee include (i) making recommendations to the Board on the policy and structure for all remuneration of all Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) making recommendations to the Board on the remuneration package of all Directors and senior management of the Group; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

While considering the grant of share options, the Remuneration Committee had evaluated the remuneration of the grantees to comparable market peer and the value of grant to the grantees. After considering those factors, the remuneration committee recommended the proposed grant of share options to the grantees to the Board for approval to appreciate the grantees' devotion and commitment to the Company which align with the purposes of the share option scheme of the Company (the "**Share Option Scheme**").

A summary of directors' remuneration policy is set forth on page 81 of this report in the section headed "Directors' Emoluments".

During the year ended 31 March 2024, the Remuneration Committee has convened two meetings and had performed the above mentioned duties.

ATTENDANCE RECORD AT MEETINGS

The attendance record of each Director at the meetings of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee and the 2023 annual general meeting (the "**2023 AGM**") during the year under review are set out in the following table:

	Number of meetings attended/Number of meetings convened				
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**2023 AGM** *(Note 1)*
Executive Directors					
Mr. Yeung Wai	8/8	–	2/2	1/1	1/1
Mr. Yeung Ho Wang	8/8	–	–	–	1/1
Mr. Yeung Yun Kei	8/8	–	–	–	1/1
Mr. Leung Siu Sun	8/8	–	–	–	1/1
Mr. Yeung Chun Nin	8/8	–	–	–	1/1
Non-executive Director					
Mr. Wu Kam On Keith	8/8	–	–	–	1/1
Independent non-executive Directors					
Mr. Ng Ngai Man Raymond	8/8	2/2	2/2	1/1	1/1
Mr. Wong Wai Leung Joseph	8/8	2/2	2/2	–	1/1
Mr. Chan Chun Bong Junbon	8/8	2/2	–	1/1	1/1

Note:

1. The 2023 AGM was held on 28 September 2023.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of senior management (including the executive Directors) by bands for the year ended 31 March 2024 is set out below:

Bands of remuneration	**Number of individuals**
Nil to HK$500,000	0
HK$500,001 to HK$1,000,000	4
HK$1,000,001 to HK$1,500,000	2
HK$1,500,001 to HK$2,000,000	1
HK$2,000,001 to HK$2,500,000	0
HK$2,500,001 to HK$3,000,000	1
	7

Further particulars in relation to Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 13 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors understand and acknowledge their responsibilities for preparing the consolidated financial statement of the Group for the year under review and of ensuring that the preparation of the consolidated financial statements of the Group is in accordance with the applicable standards and requirements.

The Directors have taken into account the cash requirements of the Group for the next twelve months from the end of the reporting period and the measures disclosed in note 2 to the consolidated financial statements, and have concluded that the Group will have sufficient working capital to meet in full its financial obligations as they fall due and accordingly the consolidated financial statements have been prepared on a going concern basis.

The statement of the external auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set forth in the Independent Auditor's Report on pages 94 to 96 of this annual report.

COMPANY SECRETARY

As the company secretary of the Company, Mr. Chan Yiu Kwong is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, and the applicable laws, rules and regulations are being followed.

During the year ended 31 March 2024, Mr. Chan Yiu Kwong has taken no less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

EXTERNAL AUDITOR

The Group appointed Zhonghui Anda CPA Limited as the Group's principal external auditor. During the year ended 31 March 2024, the total fee paid/payable in respect of audit and non-audit services provided by Zhonghui Anda CPA Limited, and its affiliated firms is set out below:

Items of auditor's services	**Amount (HK$'000)**
Audit service	2,150
Non-audit services	
– Tax advisory and compliance	50
– Others	418
Total	2,618

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor. Such appointment, re-appointment and removal are subject to the approval by the Board and the general meetings of the Company by the shareholders of the Company. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control system is designed to facilitate the achievement of the Group's strategies, safeguard the assets of the Group, assure the proper maintenance of accounting records, and to ensure the compliance with the relevant laws and regulations. The Board has overall responsibility for maintaining a sound and effective risk management and internal control system throughout the Group which includes a defined management structure with limits of authority, and is designed to ensure the proper application of accounting standard and the provision of reliable financial information for internal use and for publication, and to secure compliance with the relevant laws and regulations.

The controls built into the risk management system are intended to manage, not eliminate, significant risks (including environmental, social and governance risks) in the Group's business environment. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Group's risk management framework includes the following key elements:

– identify significant risks in the Group's operation environment and evaluate the impacts of those risks on the Group's business;

– develop necessary measures to manage those risks; and

– monitor and review the effectiveness of such measures.

During the year ended 31 March 2024, the Group does not have an internal audit function and has engaged an external consultant to conduct an assessment on the effectiveness of risk management and internal controls of the Group. In light of the size, nature and complexity of the business of the Group, the Directors are of the view that it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. The Group will continue to review the need for an internal audit function.

Results of the assessment are reported to the Audit Committee and key members of executive and senior management. Audit issues are tracked and followed up for proper implementation, with progress reported to the Audit Committee, key members of executive and senior management periodically. The risk management and internal control system of the Group is reviewed and assessed on an on-going basis by the management, and will be further reviewed and assessed on a semi-annual basis by the Audit Committee and the Board.

Through the Audit Committee, the Board has conducted a review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 March 2024, covering the material financial, operational and compliance controls, and considered the Group's risk management and internal control systems effective and adequate. The Audit Committee has also conducted a review of the adequacy of resources, qualifications, experience and training programs of the internal audit staff and accounting and financial reporting staff and considered that the staffing is adequate and the staff are competent to carry out their roles and responsibilities.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company regulates the handling and dissemination of inside information as set out in the information disclosure policy adopted by the Company to ensure inside information can be promptly identified, assessed and disseminated to the public in a timely manner in accordance with the applicable laws and regulations.

INVESTOR RELATIONS

To enhance transparency and effectively communicate with the investment community, the executive Directors and senior management of the Group actively maintain close communications with various institutional investors, financial analysts and financial media. Investors are welcome to share their views with the Board by writing to the Company at its Hong Kong head office or sending enquiries to the Company's website at www.fulumgroup.com. Investors and shareholders of the Company are welcome to review the Company's recent announcements on the Group's website at www.fulumgroup.com.

SHAREHOLDERS' RIGHTS

CONVENING AN EXTRAORDINARY GENERAL MEETING

Pursuant to article 58 of the articles of association of the Company (the "**Articles of Association**"), extraordinary general meetings of the Company may be convened on the requisition of 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 having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

SHAREHOLDERS' ENQUIRIES TO THE BOARD

To ensure effective communication between the Board and the shareholders of the Company, the Company has adopted a shareholder's communication policy (the "**Communication Policy**") on 28 October 2014. Under the Communication Policy, the annual shareholders' meetings and other shareholders' meetings of the Company are the primary forums for communication by the Company with its shareholders and for shareholder participation. The chairman of the Board in person chairs the annual general meeting to ensure Shareholders' views are communicated to the Board. Moreover, the briefing on the Company's business and the questions and answers session at the annual general meeting allow Shareholders to stay informed of the Group's strategies and goals. Information about the Company including shareholder communications shall be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.fulumgroup.com). Shareholders may at any time put enquiries to the Board. Any such questions shall be directed to the company secretary of the Company.

After the Board has reviewed the implementation and effectiveness of the Communication Policy including steps taken at the annual general meeting and the handling of queries received (if any) which were conducted during the year ended 31 March 2024, the Communication Policy was found to be effective and adequate.

PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

(i) To propose a person for election as a Director

Pursuant to article 85 of the Articles of Association and the "Procedures for shareholder to propose a person for election as a director of the Company" published by the Company on the Company's website, a shareholder of the Company who wishes to propose a person other than a Director for election as a Director at a general meeting should lodge a written notice at the Company's principal place of business in Hong Kong at 26/F, Capital Tower, 38 Wai Yip Street, Kowloon Bay, Hong Kong, for the attention of the company secretary of the Company.

The period for lodgement of the above notice shall be a 7-day period commencing on the day after the despatch of the notice of the general meeting appointed for such election of Director(s) and ending on the date falling 7 days after the despatch of the said notice of the general meeting. For details of the procedure, please refer to "Procedures for shareholder to recommend a person for election as a director of the Company" published by the Company on the Company's website.

(ii) Other proposals

If a shareholder of the Company wishes to make other proposals at a general meeting, he may lodge a written request, duly signed, at the Company's principal place of business at 26/F, Capital Tower, 38 Wai Yip Street, Kowloon Bay, Hong Kong marked for the attention of the company secretary of the Company.

CONTACT DETAILS

Shareholders of the Company may send their enquiries or requests as mentioned above to the following:

Address: 26/F, Capital Tower, 38 Wai Yip Street, Kowloon Bay, Hong Kong
Email: investor@fulum.com.hk

CHANGE IN CONSTITUTIONAL DOCUMENTS

There was no other significant changes in the Company's constitutional documents during the year ended 31 March 2024.

ABOUT THIS REPORT

This report is the eighth Environmental, Social and Governance Report (the "**Report**") prepared by Fulum Group Holdings Limited (the "**Company**", together with its subsidiaries, "**Fulum Group**" or the "**Group**"). This report covers the strategies, actions, and results implemented by Fulum Group in environmental, social and governance areas from 1 April 2023 to 31 March 2024 (the "**Reporting Period**" or "**2024**") and aims to allow all stakeholders to better understand the progress and development direction of Fulum Group in relation to sustainability issues. This Report, which is prepared in both Chinese and English, has been uploaded to the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Group's website www.fulumgroup.com. In case of any inconsistencies between the Chinese and English versions, the Chinese version shall prevail.

Reporting Scope

The Group's reporting scope has been determined in accordance with the principle of materiality, and includes Hong Kong restaurant operations, which account for more than 99.9% of the major revenue streams. These operation points include our head office, restaurants, and our central kitchen and logistics centre. However, the Report does not cover the sales of food products and other operations and food court operation in Hong Kong, nor does it cover the operations of restaurants in mainland China. We will continue to improve the Group's data collection system and regularly review the Group's reporting scope in accordance with the principle of materiality for timely updates.

Reporting Principles

The Report is prepared in accordance with the "mandatory disclosure requirements" and the "comply or explain" provisions of Appendix C2 Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Its four reporting principles: materiality, quantitative, balance and consistency form the basis of our disclosure.

Materiality

Subject to review and confirmation by the Board, the Group invited internal and external stakeholders to conduct materiality assessments through questionnaires to identify key issues to the Group and its stakeholders. Please refer to the section "Materiality Assessment" for details.

Quantitative

For recording and disclosing of environmental and social key performance data, the Group adopted a quantitative approach and clearly stated the relevant calculation criteria and methods. In addition, the Group entrusted independent professional consultants to assess carbon emissions and other key environmental performance.

Balance

The Group's preparation of the Report was based on the principles of accuracy, objectivity and fairness to enable stakeholders to assess our overall performance reasonably while understanding our achievements and challenges faced in sustainability.

Consistency

The Group maintained consistent statistical methods and, where applicable, provided historical data for meaningful comparisons.

Confirmation and Approval

The information and data contained in the Report were obtained from official documents, statistics and records of the Group. The Report had been confirmed and approved by the Board of the Group on 28 June 2024.

Feedback

The Group values the opinion of stakeholders. If you have any questions or suggestions regarding the content of the Report or the sustainability performance of the Group, please contact the Group via the following channels:

Address: 26/F, Capital Tower, 38 Wai Yip Street, Kowloon Bay, Hong Kong
Email: info@fulum.com.hk

ABOUT FULUM GROUP

Since 1992, Fulum Group has adhered to the "Three Quality Principle: Quality Environment, Quality Food and Quality Service" in its catering business and has always upheld the service principle of "authentic taste". After over 30 years of diversified development, the Group has made steady progress in terms of brand innovation, geographical expansion and market position. Fulum Group is committed to innovation and optimisation and is dedicated to providing our customers with exceptional and caring catering services and products to satisfy their diverse needs.

Business Overview

The Group's major businesses consist of restaurant operation, sale of food products and other operation, as well as food court operation. In order to meet different needs of our customers and enrich their dining experience, the Group has devised three distinctive restaurant series, namely "Fulum (富臨)", "Sportful Garden (陶源)" and "Concept (概念)". As of 31 March 2024, the Group operated a total of 107 restaurants in Hong Kong, including 15 "Fulum" main brand restaurants, 7 "Sportful Garden" main brand restaurants, 80 "Concept" restaurants and 5 food courts, while operating 3 restaurants in Mainland China.

Restaurant Operation		
The "Fulum (富臨)" main brand	15 restaurants in Hong Kong	• offering a wide variety of Cantonese delicacies to mass-market customers, including seafood, dim sum and hotpot • Providing luxurious venues with unique decorations and sophisticated catering experience for wedding banquets and events
"Sportful Garden (陶源)" main brand	7 restaurants in Hong Kong	• Focusing on mid-to-high-end Cantonese cuisine and attract customers who put a high value on quality with luxurious decorations
"Concept (概念)" main brand	81 restaurants in Hong Kong	• Introducing multi-national cuisine restaurants, providing Korean barbecue restaurants which combine authentic Korean food and traditional culture, the first modern Korean izakaya in Hong Kong, classic chain Korean fried chicken, stylish casual Korean and Japanese cafes, elegant bars and restaurants • Operating supermarkets in residential areas to provide mass and quality products for customers, such as high-quality frozen meat, seafood straight from the sources, fresh vegetables and fruits, grains and oil, as well as providing online shopping services to enable customers to buy fresh ingredients anytime and anywhere

Sales of food products and other operation
• Includes processed food services and production of festive food such as rice cakes, rice dumplings and moon cakes for customers

Food court operation	
5 food courts in Hong Kong	• Diversified food courts that combine local and overseas cuisines, introducing a number of renowned food and beverage brands, allowing customers to enjoy unique one-stop dining and delicacies in a comfortable environment, as well as jointly developing pop-up shops and parent-child workshops with shop owners.

Throughout the years, the Group has received various awards, including "Hong Kong Famous Brand – Golden Award", "Best of the Best Culinary Awards – Gold with Distinction Award", "Famous Brands Hong Kong" and "U Magazine U Favorite Food Awards", all of which highlight the Group's achievements in the catering business and manifest its commitment to customers. In the future, the Group will strive to expand non-Chinese catering brands while building online and offline retail brands, and plan to introduce multinational franchise brands in order to provide diversified and high-quality catering services and dining experience to the public.

CHAIRMAN'S STATEMENT

Against the backdrop of rapid changes in the global economic and social environment, Fulum Group was rising to meet these challenges and taking the initiative to find the opportunity in change. We understood that these external changes not only had a profound impact on our business operations, but also had a significant impact on our stakeholders' and the Earth's environment that sustains us. We have therefore been committed to accommodating such changes through proactive strategies and actions and, in doing so, adhering our commitment to sustainable development.

In the past year, while in constant pursuit of superior business performance, we had also delivered on our commitment to environmental protection, social responsibility and good governance in an active manner. We believed that sustainable development was key to our long-term success, thus we devoted ourselves to integrating such concept into our business strategies and daily operations. The Group will keep adhering to the "Three Quality Principle: Quality Environment, Quality Food and Quality Service" to create value for our stakeholders over the longer term.

Fulum Group took proactive approach to climate change and regarded it as an essential part to our sustainable development strategies. We were keenly aware of the potential impact of our business activities on the climate, and were therefore committed to reducing our carbon footprint through various measures and actively responding to the challenges posed by climate change. We were also eager to promote environmental awareness and encourage our staff, customers and business partners to participate in our environmental initiatives.

In the social aspect, we devoted ourselves to creating value for our staff, customers and communities. We provided a safe and healthy working environment for our staff and actively invest in staff training and their development. We offered high-quality and safe products and services to our customers and were dedicated to enhancing their dining experience. Furthermore, we maintained active involvement in community activities, and gave back to the society by supporting public welfare programmes in areas such as education, healthcare and environmental protection.

In terms of governance, through adherence to high standards of corporate governance, we developed a sound risk management and internal control system and ensured that our business operations comply with relevant laws, regulations and ethical standards. We also attached great importance to communication and interaction with our stakeholders and were committed to enhancing the accountability and transparency of our books and accounts through open and transparent disclosure of information.

Looking ahead, we will keep adhering to the concept of sustainable development and be dedicated to achieving commercial success while creating greater value for our staff, customers, business partners and the society. We believe that through our joint efforts, we will be able to achieve long-term sustainable development and bring long-lasting benefits and prosperity to our stakeholders.

Fulum Group Holdings Limited
Mr. Yeung Wai
Chairman and Executive Director

SUSTAINABLE DEVELOPMENT POLICIES

Overseeing and promoting environmental, social and governance issues played a significant role in the Group's stability and long-term development. For this reason, we had integrated the concept of sustainable development into its governance structure, business strategies and daily operations, thereby to effectively promote sustainable development.

Governance Structure

The sustainable development governance structure of the Group was combined by two bodies, the Board and the ESG Committee. The Board was the highest governance unit of the Group, which assumed supervision and decision-making responsibilities for all strategies, objectives, policies and action plans on environmental, social and governance matters. Comprising of senior management, the ESG Committee was responsible for supporting our work on sustainable development, reviewing and monitoring the Group's ESG policies, measures, practices and effectiveness. It was also responsible for monitoring the latest ESG risk and opportunities and making relevant recommendations and strategic suggestions to the Board to enhance the Group's performance in these areas. In addition, the committee should report to the Board on ESG issues and performance at least once a year.

Decision	**The Board**	• Monitoring of ESG issues • Reviewing and approving ESG reports
	Reporting ↑ ↓ Supervising	
Management	**The ESG Committee**	• Reviewing and monitoring the Group's ESG policies, measures, practices and effectiveness • Monitoring of the latest ESG issues • Making relevant recommendations and proposals to the Board
	Reporting ↑ ↓ Supervising	
Execution	**All Departments**	• Carrying out work related to sustainable development, and regularly report on the execution progress • Collecting information and data for ESG reporting

Five Major Management Policies of the ESG Committee				
Develop strategies to reduce environmental impact of our business operations	Create a work environment that values employees	Monitor good conduct and standards of operations	Develop sustainable supply chain management	Develop an overall strategy on community investment

Through reviewing and enhancing the level of sustainable development governance continuously, the Group intended to progressively improve and implement the relevant strategies, objectives, policies and action plans. This would help us to consolidate the foundation of sustainable development and solve the concerns and fulfil expectations of stakeholders.

Risk Management

Fulum Group has established a sound and effective risk management and internal control system to ensure the long-term development and sustainability of the Group. The establishment and maintenance of this system was a major responsibility for the Group. The Board was solely responsible for maintaining a sound and effective risk management and internal control systems and would conduct regular review and evaluations to ensure its continued suitability and effectiveness. In addition, the Audit Committee and the management were responsible for reviewing of these systems and providing feedbacks and suggestions to the Board. This multi-level structure of monitoring and assessment helped to identify and respond to potential risks in a timely manner, thereby protecting the interests of the Group and its stakeholders. The Board reviewed the effectiveness of the Group's risk management and internal control systems as at the year ended 31 March 2024 through the Audit Committee and regarded the systems effective and sufficient. For details of risk management and internal control, please refer to "Corporate Governance Report" in the Company's annual report.

During the Reporting Period, the ESG risks identified by the Group were as follows:

Type of risk(s)	Description of risk(s)	Responsive measure(s) to risk(s)
Environmental Legislation	The Hong Kong government released the "Hong Kong's Climate Action Plan 2050", setting out Hong Kong's long-term carbon reduction strategy and striving to achieve the goal of carbon neutrality before 2050. In particular, universal waste reduction will bring new challenges to the catering industry. The government will also strengthen the promotion of waste reduction and recycling. It is expected to implement garbage collection in 2023 and control disposable plastic tableware in phases from 2025 onwards.	Some restaurants of the Group have used sustainable packaging materials, such as degradable and fully degradable tableware and packaging materials such as paper and sugarcane pulp, to minimise environmental pollution caused by plastic packaging materials.

Compliance Management

Fulum Group had established a comprehensive compliance management framework to ensure compliance of its business operation with the requirements of relevant laws and regulations. The Group's compliance department played a key role in this framework with the primary responsibilities for identifying and reviewing laws and regulations related to the Group and assessing the impact of these laws and regulations on the Group. Any violations of these laws and regulations might lead to a variety of negative consequences for the Group, including serious fines, administrative penalties, closure of business, damage to reputation, loss of talent and high-cost litigation. To effectively prevent and deal with these risks, the Group would require all departments to strictly implement policies related to operational compliance, conduct regular review and adjust its business and management systems.

In addition, the Group also regularly provided training and conducts inspections to the persons in charge of each operation point to ensure employees at all levels to have thorough understanding and knowledge of relevant laws and regulations and be able to strictly comply with them in daily operations. The Group had also established a set of procedures to deal with potential non-compliance incidents, including investigation, response and remedial measures of non-compliance incidents, to ensure that the Group can promptly identify and effectively deal with any possible non-compliance incidents.

During the Reporting Period, the Group did not violate any ESG-related laws and regulations that have a significant impact on the Group. Neither did the Group have any concluded corruption lawsuits against itself and its employees. The followings were the laws and regulations that had been identified as having a significant impact on the Group:

Aspects	Relevant laws and regulations that have significant impacts on the Group
Emissions	• Air Pollution Control Ordinance • Water Pollution Control Ordinance • Waste Disposal Ordinance
Employment and Labour Standards	• Employment Ordinance • Employees' Compensation Ordinance • Sex Discrimination Ordinance • Disability Discrimination Ordinance • Family Status Discrimination Ordinance • Personal Data (Privacy) Ordinance
Health and Safety	• Occupational Safety and Health Ordinance • Factories and Industrial Undertakings Ordinance
Product Responsibility	• Food Safety Ordinance • Public Health and Municipal Services Ordinance • Trade Descriptions Ordinance • Copyright Ordinance • Trade Marks Ordinance • Patents Ordinance • Broadcasting Ordinance • Broadcasting (Miscellaneous Provisions) Ordinance • Personal Data (Privacy) Ordinance
Anti-corruption	• Prevention of Bribery Ordinance • Organised and Serious Crimes Ordinance

STAKEHOLDER ENGAGEMENT

Daily Communication

Fulum Group's sustainable development strategies and management adjustments, as well as the effective use of resources, were based on good communication with stakeholders. Through regular and diversified communication channels, the Group could fully understand and take into account the expectations and needs of its stakeholders so as to provide support and participate in the advancement of sustainable development, and enhance the performance of sustainable development.

Key stakeholders	Main communication channels
Employees	Regular meetings, staff and training events, questionnaires, internal newsletters, emails
Shareholders/investors	General meetings and shareholders events, financial reports and announcements, questionnaires, press releases, newsletters and website
Customers	Social media, service hotline, questionnaires, suggestion boxes, QR codes to collect customers' opinions
Suppliers	Audits and evaluations, meetings, questionnaires
Community	Community events

Materiality Assessment

During the Reporting Period, the Group continued to conduct stakeholder communication and materiality assessment. Contrary to the previous year, we made reference to the recommendations of the latest international standards on dual-materiality assessment and developed two set of questionnaires: one set for Board members and senior management, and the other for other stakeholders. Both sets of questionnaires covered the same issues but required stakeholders to score based on different factors: Board members and senior management should consider the impact on the Group's financial performance, while other stakeholders should consider the Group's impact on the economy, society and environment as a whole. By doing so, the Group believed that each of the sustainability issues would be assessed more comprehensively, in particular by adding considerations related to the Group's financial performance.

ESG issues that were material to the Group and its stakeholders had been identified and assessed by taking the following steps:

1 Identifying relevant issues

The professional consultant identified 16 ESG issues related to the Group's business based on the ESG Reporting Guide, industry practices and previous communication with stakeholders, covering the four major aspects of "environment", "employment and labour practices", "operating practices" and "community investment".

2 Collecting opinions from stakeholders

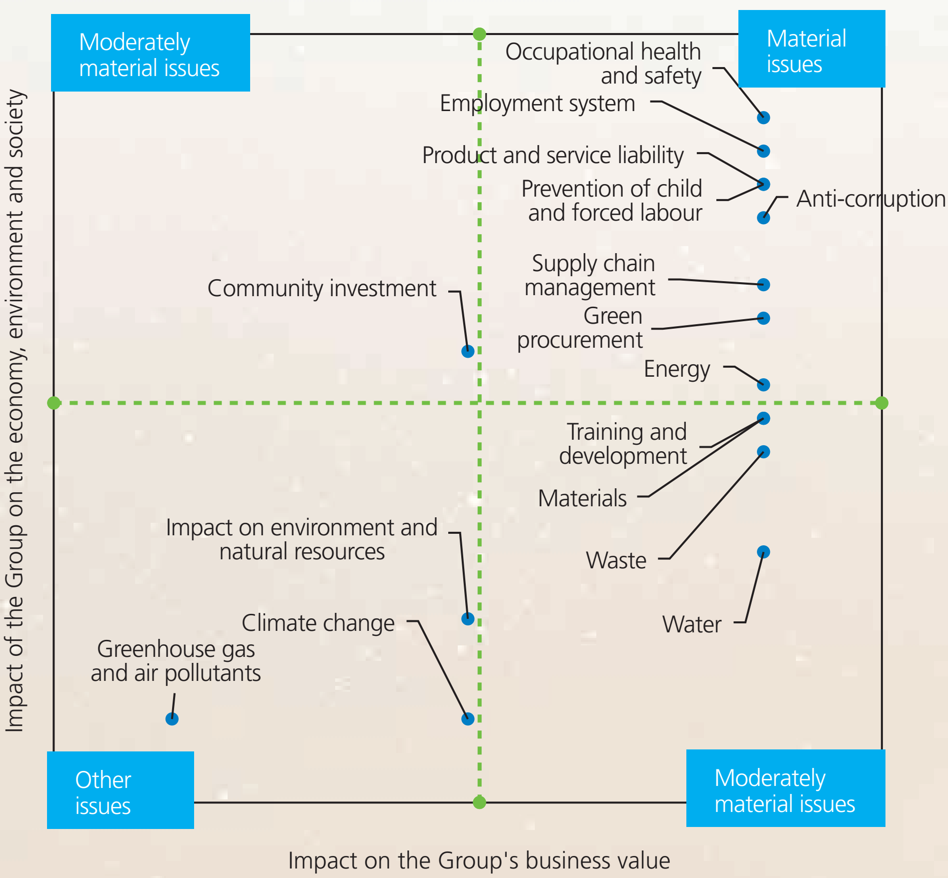
The Group invited external and internal stakeholders to participate in the questionnaire and score the materiality of 16 issues. The Group collected a total of 25 valid responses.

3 Analysing material issues

The professional consultant integrated the scores of stakeholders to conduct materiality analysis and identified a total of 7 material issues.

4 Identifying material issues

The materiality matrix and analysis results were discussed and confirmed by the representatives of the committee delegated by the Board, and the material issues were disclosed in this report.



The ESG issues identified in 2024 were as follows (in descending order of materiality):

Material issues

- Occupational health and safety
- Employment system
- Product and service liability
- Prevention of child and forced labour
- Anti-corruption
- Supply chain management
- Green procurement
- Energy

Moderately material issues

- Community investment
- Training and development
- Materials
- Waste
- Water

Other issues

- Impact on environment and natural resources
- Climate change
- Greenhouse gas and air pollutants

OPERATING WITH INTEGRITY

We adhered to the basic principles of rigor, integrity and professionalism in the Group's business operations as our business ethics and integrity. We ensured that the rights and interests of our customers and business partners would be protected, which was the foundation of our good corporate governance.

Policy overview		
Anti-corruption	Human Resources Department Management System Employees' Code of Conduct	Anti-fraud and Reporting and Complaint Management System
Protection of privacy and intellectual property	Privacy Policy and Statement Employees' Code of Conduct Confidentiality Agreement	Security Management System for Information System System Operation Management System Information Technology Assets Handbook

Anti-corruption

The Group had zero tolerance of any form of corruption or unethical behaviour such as bribery, extortion, fraud and money laundering. The Group established clearly-defined industry norms, regulations and code of conduct for all employees in the "Human Resources Department Management System", "Anti-fraud and Reporting and Complaint Management System" and "Employees' Code of Conduct" with an aim to develop a corporate culture of integrity and honesty. In order to effectively prevent the occurrence of any corruption and fraud, the Group established a set of relevant internal control measures and a standing anti-fraud body to take on the responsibility for implementation of these measures. In addition, the Group conducted regular fraud risk identification and assessment for internal business departments and stores of the Group, and continuously improved and optimised internal control measures based on the assessment results. For business partners such as suppliers, the Group also required them to adhere to ethical and clean business practices and conducted annual assessment of their performance on anti-corruption behaviour.

External stakeholders such as employees, suppliers and customers might report actual or suspected violations of laws or regulations or incidents of fraud through a confidential reporting mechanism established by the Group as well as dedicated reporting channels including telephone, mailboxes and e-mails. Complaints and reports of fraud-related internal control process loopholes would be handled in accordance with the following procedures:

Receipt of report

- Cases would be handled confidentially and whistleblower's personal information would be protected
- Any act of discrimination or retaliation, as well as any obstructive, intervening or hostile measures against employees involved in an investigation were strictly prohibited

Investigation

- Appointment of a specific department to investigate the reported matter and its related work
- Findings would be reported to senior management

Handling

- The Group would take appropriate disciplinary action against the personnel involved in verified and confirmed cases, including but not limited to dismissal or taking legal action
- Depending on the seriousness of the case, we might hand it over to relevant law enforcement institutions for further investigation

Reviewing

- Taking remedial measures, evaluating and improving internal controls, and preventing recurrence of related incidents

In terms of raising integrity awareness within the Group, our staff and board members would receive regular anti-corruption reminders and training on laws, regulations and ethics. In the past year, we held one corruption prevention workshop led by the Independent Commission Against Corruption (ICAC), aiming to raise the awareness of frontline and office staff on corruption and equip them with the ability to prevent and respond to corruption in their daily work.

Protection of Privacy and Intellectual Property

The use of technology had become more prominent and prevalent in our daily business. To this end, the Group ensured that personal data and privacy of our customers, employees and business partners were properly protected by implementing a series of data protection measures. Accordingly, the Group had developed a detailed Privacy Policy and Statement and clearly explained to customers and ensured their explicit consent to the relevant collection purposes and policies at the time of collection of personal data. In addition, the Group also ensured all activities in the business operation, including but not limited to product formulation, knowledge and technology possessed by its partners etc. would not infringe the intellectual property rights of others.

To ensure security of business operation and confidentiality of data, the Group established a set of stringent privacy policy and information management guidelines. In addition, the Group conducted regular training for its staff to raise their awareness and vigilance on data privacy and network security. To further enhance data protection, the Group incorporated information management into its internal control system and formulated a series of internal guidelines, such as the "Security Management System for Information System", "System Operation Management System" and "Information Technology Assets Handbook", to monitor and manage the various information systems involved in the business process. In addition, the Group also strictly managed the use of information and communication technology equipment and the procurement, installation and access to server rooms to prevent the loss, damage, theft or modification of data. To cope with and guard against various cyber threats and attacks, the Group protected its IT systems to ensure that all confidential information could only be accessed by authorised personnel.

To further enhance confidentiality of information, we also required our staff to strictly comply with internal guidelines such as "Employees' Code of Conduct" and "Confidentiality Agreement", and strictly prohibited our staff from unauthorised leakage, use or disclosure of any confidential information, or downloading and installation of any unauthorised or pirated software.

Prevention of Child and Forced Labour

The human resources department would review the identification of applicants and new employees to prevent child labour. Any individual under the legal working age would not be hired. In addition, the Group strictly prohibited all forms of forced labour, which included but not limited to, collection of deposits or withholding of identification, wages, benefits or property upon employment to force them to work continuously. The working conditions and arrangements for employees would be clearly stipulated in the employment contract to ensure that employees worked voluntarily, legally and in compliance with the law, thereby protecting the legal rights of both employers and employees. In the event that any child labour or forced labour was found, the Group would terminate the employment relationship in accordance with the law and conduct further investigation as appropriate. During the Reporting Period, we were not aware of any unintentional employment of child or forced labour.

PEOPLE-ORIENTED

The Group took a proactive approach to talent management and had been implementing a range of strategies to attract, recruit and retain key personnel, including competitive remuneration packages, career development opportunities and employee engagement programmes. The Group prioritised the well-being and growth of its employees and aimed to ensure a talented and motivated workforce that grows with us.

Policy overview

Talent recruitment and retention	Human Resources Management System	Fulum Group Diversity Policy
Talent cultivation and development	Training and Talent Development Policy	
Employees' safety and health	5S Management Manual Risk and Safety Handbook Working Safety Rules for Occupational Safety and Health	
Community care	Fulum Group Community Investment Policy	

Talent Recruitment and Retention

Fulum Group took a proactive approach to talent management and was committed to creating a fair and inspiring work environment through diversified policies and systems to attract, recruit and retain key personnel. These policies and systems included, among others, the Human Resources Management System and the Fulum Group Diversity Policy. In addition, during the recruitment and promotion process, the Group evaluated candidates and employees on the basis of their abilities, qualifications and work experience to ensure fairness and transparency in the evaluation process.

In terms of remuneration and benefits, Fulum Group offered reasonable and competitive remuneration based on factors such as seniority, rank, work experience and performance, which helped the Group to attract and retain talents. For example, the Group would offer special performance bonuses to branches and employees who perform well in their work as a recognition of their efforts. If either the Group or the employee intended to terminate the employment contract, a written notice could be issued in accordance with the procedures or the notice period could be replaced by salary to ensure that the employment contract would be terminated in a legal and compliant manner. To further protect employees' rights, working hours and holidays of employees would be specified in employment contracts. Depending on business model of the business unit, in addition to basic paid annual leave and statutory holidays, employees would be entitled to other additional leave.

In order to enhance the sense of belonging of employees, the Group provided various benefits to employees, such as discounts for all employees when shopping at the branches, and provided financial support to employees in need, such as medical and funeral expenses. These benefits, incentive programs and support helped increase employees' job satisfaction and loyalty, thereby promoting long-term talent retention.

Employee events

To promote work-life balance, the Group organised a variety of after-work activities for the employees, hoping to make their life more colourful. For example, the Group organised monthly events such as employee dinners, trips to amusement and theme parks, sports meetings, health seminars, charity activities, etc. Not only did they provide employees with opportunities to relax, but also opportunities to enhance interaction and communication with employees.

Diversity, equality and inclusion in corporate culture were among the key factors in attracting and retaining talents. The Group adhered to the principle of meritocracy to ensure equal opportunities for candidates and employees in recruitment, training, promotion, transfer and remuneration without discrimination or differential treatment on the basis of race, gender, age, disability, marital status, sexual orientation or religious beliefs. In addition, we had zero tolerance for any form of workplace harassment or bullying. Any employee facing discrimination or unequal treatment should be provided with appropriate support by the departmental supervisor.

Talent Development and Cultivation

The shortage of talent in the catering industry had long been a challenge for the development of the sector. In view of this, the Group adopted a multifaceted approach. In addition to the talent retention policy, the Group had actively established and improved the talent development and training system, and formulated the Training and Talent Development Policy and corresponding strategies. By setting annual goals for our employees and conducting performance assessments, not only had we helped our employees to clarify and review their plans for personal development, but we also provided them with appropriate development opportunities, thereby achieving sustainable development of the talent echelon.

Nurturing the next generation

The Group had been actively contributing to the talent pool of the industry by actively participating in internship programmes and career days of various universities, including those of The Hang Seng University of Hong Kong and The Hong Kong Polytechnic University, with a view to attracting young talents to enter the catering industry and nurturing them through a variety of workplace internships and career opportunities. During the Reporting Period, we participated in the internship programme of Hong Kong Metropolitan University and recruited 5 interns who were then assigned to various departments including personnel, finance, information technology and operations, etc. Interns would study under the guidance of the department head in the daily operation of these departments.

Supporting employment of elderly

During the Reporting Period, the Group actively participated in the "Employment Program for the Elderly and Middle-aged" of the Labour Department, and provided more than 750 jobs for people aged over 50, including frontline and office positions, thereby attracting more experienced and capable middle-aged and retired people to work again. Not only could this fill the manpower gap in the industry, but also provide an ideal working platform for middle-aged and retired people.

Through comprehensive and continuous training opportunities, the Group believed this could build an outstanding talent team. Through the provision of professional training and courses for our employees, the Group could ensure that the talent echelon have the required knowledge and skills, and create internal promotion opportunities to maintain the motivation of internal talent development, thereby maintaining competitiveness for long-term development. In addition, we had developed internal and external training activities for employees of different ranks and positions, including new staff training, professional knowledge and skills training, occupational safety and health education, etc., to ensure that each employee could keep abreast of the changes in the industry and continue to grow. The Group would regularly update its training content in accordance with the latest legal and regulatory requirements, technological advancement, market and product trends, as well as changes in customer preferences to align employees' skills with market development.

During the Reporting Period, the Group employed a total of 1,721 employees and provided 7,264 hours of training to approximately 1,800 employees. For employment and training data, please refer to the "Performance Overview" in the appendix.

Employee Safety and Health

Ensuring the health and safety of employees was the Group's responsibility and top priority. To achieve effective occupational safety and health management, our safety policy team and internal safety teams of the branches were responsible for occupational safety and health management at both the group and branch operational levels. These policy and safety teams comprised representatives from different departments of the Group and managers, supervisors and manager-level representatives of the branches, respectively. In respect of internal procedure management, the Group had in place a 5S Management Manual, Risk and Safety Handbook and a safety management system to standardise occupational safety and health risk assessment, prevention and control, safety equipment and measures, safety training and emergency handling, etc.

In order to ensure the effective implementation of relevant safety policies and measures, the Group would regularly conduct environmental and safety reviews, including identifying potential hazards, assessing risks in different positions, recording and reviewing assessments results and so on to ensure that our workplace maintains the safety and health standards. If any problems or risks were found during the review process, we would formulate corresponding plans to correct the problems and eliminate risks, and continuously improve the safety management measures.

In respect of employees' personal safety performance, the Group had formulated a series of safety guidelines, such as the "Working Safety Rules for Occupational Safety and Health", guidelines for using gas stoves, fire hazard safety guidelines and personal hygiene guidelines, etc. All employees were required to follow relevant safety working procedures and rules, and wear appropriate protective equipment correctly to protect employees from occupational hazards.

In respect of emergencies in business operations, the Group had established a response mechanism for emergency and unexpected accidents. The "Risk and Safety Handbook" listed out the response and handling procedures for relevant incidents, as well as emergency contact methods, so as to ensure that employees would have the ability to deal with accidents and prevent the situation from worsening. In the event of work-related accidents or violations of work safety protocols, the Group would investigate and, if necessary, take remedial measures to prevent similar accidents from happening in the future.

We conducted safety training and meetings with employees on a regular basis to ensure that they understand and abide by the Group's policies, guidelines and procedures for occupational safety and health, so as to prevent work-related accidents. At the same time, we arranged for our employees to participate in safety activities such as regular fire and safety drills to help them to respond more effectively to emergencies in the workplace.

Building a workplace safety culture

Event	Monthly safety meeting	Occupational safety and health seminar	Seminar on safety laws in the catering industry	Traditional Chinese Medicine seminar
Subject	Office and branch employees	Office and branch employees	Office and branch employees	Office employees
Content	Promoting safety work and case sharing	Explaining how to effectively prevent industrial accidents	Explaining safety-related legislation and regulatory protection	Seminar on healthy and nourishing soups

In the past three reporting years (including the current Reporting Period), the Group had no work-related fatal accidents. During the Reporting Period, there were 23 reported work-related injuries and 2,707 lost working days due to work-related injuries. All injured employees had received prompt medical treatment and work injury leaves. The Group strived for continuous improvement by analysing past performance data, reviewing the effectiveness of its safety management system and making timely adjustments. We closely monitored relevant data to better fulfil our commitment to maintaining the health and safety of employees.

COMMUNITY CARE

While ensuring that our operations were in line with the needs and conditions of the community, our community investment activities, such as sponsorships and donations, also formed part of our corporate social responsibility. These activities were formulated and implemented in accordance with the six principles listed out in our "Community Investment Policy" with a view to giving back to society by helping citizens in need and ensuring that these activities would bring long-term social benefits to the community.

Responding to community needs and expectations in accordance with local culture, traditions and values	Setting clear goals	Forming long-term partnerships with community organisations
Encouraging employees to participate in community investment activities	Regularly assessing the effectiveness and impact of community investment activities	Striving to avoid conflicts of interest and maintaining neutrality

At each of the Group's operating locations in Hong Kong, our volunteer team, the "Positive Energy Team", which acted as a bridge between the Group and the community, served the residents in each district and actively planned and participated in volunteer and community activities. During the Reporting Period, the number of volunteers of the Group significantly increased to 231, contributing approximately 462 volunteer hours in various culture-related volunteer activities, involving cash and other product donations of more than HK$770,000 (e.g. festive foods including mooncakes, rice cakes and rice dumplings donated to organisations such as Foodlink and Ginko House Foundation).

Groups we served	Programmes	Events
Residents in communities	Coffee ground recycling workshop	We combined environmental issues with cultural and recreational activities to enrich the lives of community residents.
	Beverage Distribution Program	We promoted co-operation between people with and without disabilities through community activities to foster community harmony.
	Fire Dragon Walk (火龍傳承行)	We actively participated in the preservation of local culture while providing cultural and recreational activities for community residents during the Mid-Autumn Festival.
People in need, such as disadvantaged families, the disabled and the elderly	Mid-Autumn Festival mooncake sponsorship and Dragon Boat Festival rice dumpling sponsorship	We sponsored mooncakes and pork rice dumplings to 18 non-profit organisations during the Dragon Boat Festival and sent blessings to different groups during the holiday.

PUTTING CUSTOMERS FIRST

At Fulum Group, we are committed to putting customers first, we believe customer support and satisfaction are the key drivers to promote our business growth and success. For this reason, our commitment to our customers is embodied in three core areas: "Excellent Supply, Excellent Service, and Excellent Environment". Through continuous innovation and optimisation, the Group ensures the customers can enjoy high quality and diversified choices. Our team regularly conducts market research and customer insights to deep dive into customer needs and preferences, and incorporates these insights into our product development and service optimisation processes.

Policy Overview

Responsible Procurement	Fulum Group Supply Chain Management Policy	Sino Rank Logistics Management System
	Fulum Group Environmental Policy	
Quality and Safety	"5S" (Structurise, Systematise, Sanitise, Standardise, and Self-discipline) Approach	Internal Operation Management System
	Food Hygiene Code	Sino Rank Logistics Management System
Customer Experience	General Principle of Promotional Materials	

Responsible Procurement

The Group values responsible procurement and suppliers management and take them as the key drivers to promote our business growth and success. We set Fulum Group Supply Chain Management Policy, Sino Rank Logistics Management System, and Fulum Group Environmental Policy as our key policies and daily guidelines for procurement and supply chain management, and we require suppliers to meet expectations in the four major areas: compliance, being people-oriented, ethics and business conduct, and environmental responsibility.

Overall, the Group implemented a risk-oriented management strategy in the procurement process and conducted regular risk assessments according to different stages and categories of the supply chain. Country of origin, product/service, industry/category, compliance, labour standards, health and safety, governance and business ethics, environment and other factors are considered in this assessment, in order to ensure our supply chain management complies with international standards and the best practices of the industry.

For new supplier, the Group will consider the size, operational conditions and the area of the products sold of the supplier to ensure the quality, stability and overall reputation of the products/services provided by the supplier meet the Group's requirements. To further ensure the quality of relevant suppliers, the Group will send staff to conduct inspections to understand the business scale of suppliers on site, and the Quality Department will send staff to relevant suppliers to conduct hygiene inspections to ensure that the production sites of new products meet certain hygiene standards.

Screening

- The Group's Procurement Department is responsible for evaluating potential suppliers based on factors such as scale, stability and price.
- The Group takes into account the supplier's ability and performance in fulfilling our requirements in terms of product or service quality, safety, health and environment, and sustainable development.
- If necessary, the procurement department will conduct site visits to understand the actual operating conditions of the suppliers.

Engagement

- If the Procurement Department determines that a potential supplier is initially qualified, the Group will proceed with trial batch orders, and only if the quality of the delivered goods is qualified will the supplier be added to the supplier system.
- The Group ensures that the contract reflects the supplier's commitments and responsibilities, including compliance and business ethics requirements, protection of intellectual property, data confidentiality and security.

Assessment

- During the contract period, the Group evaluates and continuously improves the environmental and social performance of its major suppliers through self-reporting questionnaires, bid evaluations, site visits, audits and two-way performance reviews.
- The Group evaluates its suppliers on an annual basis and rates them based on factors such as product or service quality, delivery period, price, timeliness and effectiveness of handling and responding to complaints, and level of cooperation.
- If the result of the assessment is unsatisfactory, the Group will freeze or remove the supplier from the supplier system.

For environmental protection, we set out in the Fulum Group Environmental Policy that we need to consider the environmental performance of suppliers when purchasing goods or services. We prioritise suppliers who have addressed environmental issues and actively taken steps to minimise their impact on the environment, and we choose local suppliers as much as possible. For substantive action plan, Fulum Group explores and implements environmental protection measures actively to reduce its impact on the environment. For example, we phase out and tackle with plastic tableware gradually and select suitable suppliers for environmentally friendly products in the market, including replacing disposable plastic tableware with bamboo tableware that are environmentally friendly. Meanwhile, we have been constantly negotiating with the industry and the government on the methods for food waste recycling, advocating the creation of a synergy effect through the integration of the supply chain to promote the development of environmental protection in the catering industry. During the year, the Group continued to participate in the "Green Purchasewise Performance Scheme" launched by the Hong Kong Federation of Restaurants & Related Trades (the "HKFORT") and supported the "Hong Kong Green Purchasing Guidelines for Food and Beverage Sector" formulated by the HKFORT and the Green Council to promote green procurement.

During the Reporting Period, the Group had a total of 166 suppliers in Hong Kong and Mainland China. All suppliers were engaged in accordance with the internal practices related to suppliers and relevant ESG practices. The Group will review the environmental and social risks in the supply chain while suitable and review and adjust relevant management policies and measures in order to control relevant risks more effectively.

Food Quality and Safety

We strictly control the quality of our food and products through the implementation of a series of internal policies, the management system and food safety management system within the supply chain, production and transportation processes, to ensure our food safety. Our central kitchen and logistics center have obtained international standard certifications such as ISO 22000 and HACCP, and we have carried out the "5S" management technique to regulate our staff's behaviours. Moreover, we conduct regular food safety review and supervision, and provide training to raise the quality and safety awareness of our staff.

The quality of food ingredients provided by suppliers is a crucial element in our food safety management. We standardise the acceptance, storage, logistics and distribution of food ingredients by implementing Sino Rank Logistics Management System, and we have also established Food Hygiene Code to guarantee that our staff conform to high standards of food handling, equipment cleansing, and personal hygiene.

Materials

- Strictly select and evaluate suppliers to ensure that the ingredients they provide meet the quality and safety requirements
- Conduct quality inspections in accordance with established acceptance standards
- Ensure that materials are stored in the proper place and at the proper temperature

Distribution

- Properly maintain warehouses, storage areas and logistics fleet, and maintain cleanliness

Restaurants

- Conduct regular quality assessments and inspections
- Summarise evaluation results with branch managers and department supervisors and propose improvement plans to solve existing problems in the branch

To further assure our food safety, microbiological tests are conducted periodically on our supplies of all types in the Group's logistics and its branch to ensure compliance with the FEHD's "Microbiological Guidelines for Ready-to-eat Food" standard. In addition, all processed ready-to-eat products have passed the shelf-life examination to ensure that all products are safe for consumption after packaging. These measures help assure the safety of food during the production process and effectively prevent the risk of foodborne diseases.

During its daily operation, Fulum Group also strictly maintains its workplace hygiene standards, covering various aspects including but not limited to personal hygiene, equipment hygiene and environmental hygiene. All employees must wash their hands before entering the production plants, and they should wear the designated work uniforms, including the work clothes, pants, rain boots, hairnets, masks and aprons, that are neat and clean. At the same time, all food and food containers (including packaging boxes and plastic strainer, etc.) must be kept off the ground, and all spare materials stored in the fridge must be sealed, either in containers or by plastic wrap. These measures help ensure the safety in food production and effectively prevent the risk of foodborne illness.

In the event of any food safety case, we will immediately notify the affected customer and cease the production of relevant products until the root cause of the problem is identified and the food safety issue is confirmed to be rectified. By then, production can be resumed. If any food is found or suspected to be unsafe or unfit for consumption, our staff will return it to the supplier or conduct full identification immediately, and then separate it and dispose of it as soon as possible. During the Reporting Period, the Group did not recall any products for safety and health reasons.

Customer Experience

Providing high-quality service and excellent customer experience are our top priorities. We are dedicated to enhancing our customers' experience to a large extent by providing a wide range of food and products, excellent catering services and comfortable dining environments, while integrating the application of intelligent technology.

Promoting healthy diet

Fulum Group has always been committed to promoting healthy diet. To this end, we have actively introduced a variety of healthy options on the menu to cater to the different needs of customers. Our cooking team takes great care to make each healthy dish and strictly controls the source and quality of ingredients to ensure that our customers can enjoy their delicious food while getting balanced nutrition. Our healthy menu options include low-fat, low-sodium and high-fiber dishes and make extensive use of fresh vegetables and high-quality protein sources, with a range of dishes such as Stew with Vegetables, Braised Vegetables with Bamboo Fungus, Beef with Bean Curd Skin and Vegetables in Casserole with Fermented Bean Curd. Through these healthy dishes, we hope to help our customers develop good eating habits and improve their overall health.

Improving customers' dining experience

In order to continuously optimise customers' dining experience, Fulum Group has taken a series of proactive measures. One of the important strategies is the implementation of the "mysterious customer" plan. The main purpose of this strategy is to objectively evaluate service quality and promptly discover and solve possible problems. The "mysterious customer" plan involves sending trained personnel to visit different restaurants as regular customers, during which all aspects of the dining process, from product quality to service attitude, from the dining environment to the professional knowledge of employees, will be included in the evaluation. Through this method, the Group can gain a deeper understanding of customer needs and expectations from the customer's perspective, and make timely improvements to the dining experience, thereby ensuring that every customer can enjoy a high-quality dining experience.

Through our efficient operating systems and guidelines, we strictly control the quality of customer service. Our customers can provide us with valuable feedback through a variety of channels, including restaurant hotlines, suggestion boxes, web pages and social media. Such feedback is critical to our understanding of their needs. In addition, complaints are regularly analysed to identify potential areas for improvement in our services. We will also provide regular service training to our employees to ensure that our service quality is always improving. Our efforts have been recognised by the industry – not only did we join the Hong Kong Institute of Marketing, but we also received the Market Leadership Award in Food Court Development, which further cements our leading position in the industry.

The "General Principle of Promotional Materials" and internal processes has been formulated by the Group to ensure that the contents of marketing promotions and product labels are truthful and not misleading. As a reminder to customers with food allergies or dietary restrictions, our menus are labeled accordingly. We provide clear and reliable product information on product labels, including nutrition labels and shelf life.

During the Reporting Period, the Group received a total of 137 complaints mainly related to quality. We have followed up and handled all the complaints immediately, and the customers concerned have accepted the solutions proposed by the Group.

GREEN SOURCE

The world is facing unprecedented environmental risks, including climate change, extreme weather, resource scarcity and environmental damage. In order to cope with these challenges, governments are accelerating the pace of low-carbon economic transformation and launching relevant strategies and policies. The Group is aware of the potential impacts of its business activities on the environment and is committed to seeking more sustainable development and operating models to reduce its environmental footprint in response to the Hong Kong Government's target of achieving carbon neutrality before 2050. As such, we have established the "Environmental Policy" to provide guidance to our business units, covering the management of greenhouse gases, emissions and sewage discharges, waste materials, energy, water resource and so on. The Group is committed to promoting a green culture to stakeholders such as employees, business partners and customers, and encouraging them to practice environmentally friendly measures in their daily operations and lives. We will continue to compile and review various environmental performance and set relevant emission reduction, waste reduction and resource management goals.

Policy overview

Management of Emissions	Environmental Policy Internal Operation Management System	Waste Cooking Oils Regulation Procedure
Management of Resources		Consumption Reduction Management
Addressing climate change		Risk and Safety Handbook

Addressing Climate Change

Fulum Group has a firm attitude towards climate change and is actively taking measures to address this global challenge. We recognise the profound impact of climate change on the environment, economy and society, hence we are committed to reducing greenhouse gas emissions and improving energy efficiency. We also actively enhance employees' and communities' understanding of and response to climate change through education and promotion. As a starting point to combat climate change, the Group not only formulated the "Special Arrangement under Storm/Black Rainstorm Warning Signal for Office" to ensure the safety of employees, but also assessed the carbon footprint of one of its mooncake products to understand the product life cycle and its carbon emission data, laying a solid foundation for achieving Hong Kong's 2050 carbon neutrality goal in the future.

All in all, the Group is proactively making plans to enhance the resilience and adaptability of our business operations to climate change, including the adoption the following measures:

- Developing climate change policies and improving climate change related governance structures
- Assessing climate-related physical and transformational risks and opportunities and their impact on our business
- Developing strategies and actions to address the significant climate risks and opportunities identified
- Reporting in accordance with the disclosure standards established by the International Sustainability Standards Board ("TCFD")

As extreme weather events become more frequent, we have set out our emergency and contingency procedures in the "Risk and Safety Handbook", and our work arrangements during typhoon and rainstorm warnings are also set out in the "Special Arrangement under Storm/Black Rainstorm Warning Signal for Office" to ensure staff safety and minimise losses to our daily operations. The Group firmly believes that through continuous efforts and innovation, it can make substantial contributions to the mitigation of global climate change. We will continue to monitor and report on our environmental performance and continually improve our climate strategy to ensure that our business operations can become more sustainable.

MANAGEMENT OF EMISSIONS

Greenhouse Gas ("GHG")

In line with the country's "dual carbon" goal, the Group is committed to reducing carbon emissions through strategies such as "Energy Saving and Electricity Use", "Waste Reduction" and "Pilot Scheme on Food Waste Collection" to reduce carbon emissions from the source. The Group understands the significant impact of GHG emissions on climate change, thus has been committed to taking effective measures to manage and reduce emissions, such as the following GHG emissions management strategies:

– Monitoring and reporting: regularly monitor and record GHG emissions data and disclose our environmental performance to ensure transparency and accountability.
– Employee participation: promote employee participation, enhance employees' understanding of greenhouse gas emission management, and encourage them to actively participate in emission reduction activities.
– Collaboration and partnerships: work with the government, industry and other stakeholders to advance emission reduction projects and initiatives.
– Continuous improvement: regularly evaluate and improve our GHG emissions management strategy, and continuously improve our measures and plans.

In terms of reducing carbon emissions from transportation and commuting, the Group not only reduced its emissions by replacing business trips with video or teleconferencing, but also proactively optimises the planning of driving routes and encourages its employees to use green transportation while avoiding unnecessary trips to comprehensively reduce the relevant carbon emissions. In order to avoid increasing carbon emissions due to aging vehicles, the Group will regularly inspect and maintain vehicles, and replace existing vehicles with Euro IV emission standard vehicles. In addition, the Group's San Po Kong food manufacturing plant has been relocated to the logistics center in Tsuen Wan during the difficult year, shortening the transportation distance, which not only reduces transportation costs, but also reduces carbon emissions during transportation.

During the Reporting Period, the Group's total GHG emissions were 24,834.20 tonnes of CO_2 equivalent, of which 68.6% was indirect GHG emissions generated from the purchased electricity under scope 2 and 28.4% was direct GHG emissions from a stationary source of fossil fuel combustion under scope 1. The total GHG emissions during the year were similar to the previous year, but the scope 3 emissions increased significantly compared with the previous year, which was mainly due to the further expansion of coverage during the year to cover emissions from employees' flights for business trips. In addition, the Group's increase in water consumption is also one of the causes of the increased scope 3 carbon emissions.

	Unit	2024[1]	2023	Change
GHG Emissions				
Scope 1 – Direct GHG Emissions[2]	**tonnes of CO2 equivalent**	**7,056.7**	**7,263.2**	**-2.8%**
Fossil fuel combustion – stationary source	tonnes of CO2 equivalent	5,732.8	5,923.5	-3.2%
Fossil fuel combustion – mobile source	tonnes of CO2 equivalent	103.0	103.2	-0.2%
GHG emitted by equipment and system during operation[3]	tonnes of CO2 equivalent	1,220.9	1,236.5	-1.3%
Scope 2 – Energy Indirect GHG Emissions	**tonnes of CO2 equivalent**	**17,024.2**	**18,456.8**	**-7.8%**
Electricity purchased from power companies	tonnes of CO2 equivalent	15,757.9	17,111.8	-7.9%
Town gas purchased from gas companies	tonnes of CO2 equivalent	1,266.3	1,345.1	-5.9%
Scope 3 – Other indirect GHG Emissions	**tonnes of CO2 equivalent**	**753.3[4]**	**333.3[5]**	**126.0%**
Methane produced by waste paper in landfills in Hong Kong	tonnes of CO2 equivalent	120.8	115.3	4.8%
GHG emissions from electricity consumption in fresh water treatment by the Water Supplies Department	tonnes of CO2 equivalent	314.7	147.8	112.9%
GHG emissions from electricity consumption in waste water treatment by the Drainage Services Department	tonnes of CO2 equivalent	149.1	70.1	112.7%
GHG gas emissions from employees' business flight trips	tonnes of CO2 equivalent	168.65	–	–
Total GHG Emissions (Scope 1, 2 and 3)	**tonnes of CO2 equivalent**	**24,834.2**	**26,053.3**	**-2.8%**
GHG intensity (by Hong Kong's turnover)	**tonnes of CO2 equivalent/ HK$ million**	**13.49**	**16.83**	**-2.8%**

1 The calculation of GHG emissions is based on "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" issued by Hong Kong Exchanges and Clearing Limited.

2 Scope 1 is generated from the consumption of LPG and town gas in kitchen stoves, vehicle diesel and petrol.

3 As accurate raw data of refrigerant used in the operation of equipment and system was not available during the Reporting Period, the Group estimated the amount of refrigerant used and the related GHG emissions based on the actual operating conditions.

4 Scope 3 is generated from employee business flight trips, water and sewage treatment, paper used in office and restaurants.

5 Scope 3 is generated from water and sewage treatment, paper used in office and restaurants.

Air Pollutants

The air pollutant emissions of the Group, which mainly came from kitchen equipment, including 1,038.7 kg of nitrogen oxides, 2.8 kg of sulphur oxides and 60.3 kg of respirable suspended particulates, has significantly increased during the Reporting Period because of the increase in fuel usage due to the Group's business growth. All of our restaurants have implemented measures to control the emission of smoke from kitchen equipment, including the installation of purifying facilities and venting equipment to control the emissions of oily fume. In the future, the Group will review the need to use diesel and minimise its relevant use.

	Unit	2024[6]	2023[6]	Change
Air Pollutant Emissions				
Nitrogen oxides	kg	1,038.7	789.3	31.6%
Sulphur oxides	kg	2.8	2.8	-1.0%
Respirable suspended particulates	kg	60.3	34.3	75.8%

6 The calculation of air emission is based on "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" issued by Hong Kong Exchanges and Clearing.

Waste Management

The Group's business operations inevitably generate waste. We endeavour to minimise the generation of waste by promoting the 4R principle (i.e. Reduce, Reuse, Recycle and Replace) and dispose of waste properly to minimise the impact on the environment. The non-hazardous waste generated from the Group's daily operations mainly includes general waste, waste oil and food waste, while a small amount of hazardous waste, such as waste batteries, waste mercury tubes and energy-saving light bulbs, is disposed of by qualified recyclers and collectors.

General waste

- Implement paperless working mode in offices, e.g. replacing paper meeting materials with electronic devices such as tablets
- Reduce paper consumption by adopting a paperless ordering system in restaurants
- Minimise the use of packaging materials and adopt sustainable packaging materials
- Phase out disposable plastic tableware and utensils, and switch to more environmentally friendly or reusable ones, so as to reduce the generation of plastic waste

Waste oil

- Establish the "Waste Cooking Oils Regulation Procedure" and implement the "Restaurant Waste Cooking Oils Recycling" Scheme

Food waste

- Improve operational procedures and production processes to instil good behaviours in staff to reduce food waste
- Provide portion size options to encourage customers to change their behaviour and reduce leftovers
- Formulate a timetable for the pilot food waste recycling program together with an implementation plan
- Invite recycling suppliers to conduct site visits to our shops and provide training for the management and frontline staff

Pilot Green Operation at the Polytechnic University's Canteen

The Group has always attached great importance to implementing environmentally friendly measures in our restaurant operations. In order to adhere to the Group's green philosophy, we specifically promoted comprehensive green operation at the Polytechnic University's canteen to extend the relevant operational model to other branches once it has operated smoothly. During the year, the Group has carried out various energy-saving, food waste recycling and plastic-free takeaway policies in the Polytechnic University's canteen and has achieved good results.

During the Reporting Period, 118.50 tonnes of waste oil were produced at an intensity of 0.06 tonnes/HK$ million, representing an increase of 31.2% over the previous Reporting Period. The intensity only increased slightly by 7.3% mainly because the Group has been able to control the use of various raw materials and minimise the generation of waste oil as it develops its business. For other waste materials, as the property management companies of the respective operation sites are responsible for collecting and handling them in a centralised manner, the Group is not able to provide detailed data on hazardous and non-hazardous waste materials for the time being. We are in the process of collecting hazardous and non-hazardous waste data from each of our operation sites for further analysis and disclosure, as well as for setting waste reduction targets.

Management of Resources

The Group is committed to sustainable resource management and has formulated relevant strategies and policies to ensure the effective utilization of resources and the protection of the environment. All employees of the Group are required to comply with the environmental protection measures set out in the "Environmental Policy", the "Internal Operation Management System" and the "Consumption Reduction Management". In particular, through the implementation of "Consumption Reduction Management", we have formulated standardised consumption reduction data to assess the consumption of electricity, town gas and consumables of each department in restaurant branches on a monthly basis, while the Internal Audit Department (Operation) is responsible for evaluating the reasonableness of such consumption data based on the standards. If the performance of a shop fails to meet the standard, the Group will schedule a meeting with the shop manager to analyse the cause, or the Internal Audit Department (Operation) will conduct an inspection at the shop and discuss measures for improvement. In order to conform with the government's policies regarding the restriction of plastic products, the ESG Committee of the Group has discussed relevant policies and explored feasible measures to fully replace plastic products by progressively increasing the use of degradable packaging materials and tableware.

Energy

Energy use is the major source of greenhouse gas emissions. In order to improve energy efficiency, the Group continuously reviews and improves its operational and production processes and promotes energy saving measures among its employees. We have managed our major energy-consuming equipment and are constantly seeking new energy-saving methods to further enhance energy efficiency.

Logistics

- Plan and optimise transport routes to reduce fuel consumption

Restaurants

- Adopt more energy-efficient kitchen equipment such as energy-saving dishwashers, smart electric frying pans, electric cookers, steam cabinets, etc. to save electricity and reduce fossil fuel consumption
- Conduct regular maintenance of kitchen equipment to ensure its proper functioning and reduce energy waste
- Adjust air-conditioning temperature according to the season
- Replace inefficient old systems with energy-efficient air-conditioning systems
- Upgrade conventional lighting to LED lighting to reduce electricity waste
- The Chinese food lines of the Group has participated in the "Peak Demand Management" program organised by CLP Power Hong Kong Limited to reduce electricity consumption during peak hours
- Formulate a timetable for daily switching on and off air-conditioners and lighting

Offices

- Switch off unnecessary electrical equipment, reduce the using time of computers, lighting and air-conditioners, etc.
- Adjust air-conditioning temperature according to the season
- Upgrade conventional lighting to LED lighting to reduce electricity waste
- Adopt, replace or upgrade energy-saving equipment, such as adding sound-activated and light-activated sensors

During the Reporting Period, the Group's total energy consumption amounted to 70,670.1 MWh, which was mainly derived from electricity and diesel for operations, representing a decrease of 2.8% as compared to the previous Reporting Period. Energy intensity was 0.04 MWh/HK$ thousand turnover, representing a decrease of 23.2% as compared to the previous Reporting Period, which was mainly attributable to the fact that while the Group's business development was increasing, the Group was able to effectively control its energy use and enhance its overall energy efficiency. The Group's energy consumption target for this year is to reduce by 2.8% as compared to 2022/2023, and various policies and measures will continue to be implemented, so as to further reduce energy use.

	Unit	2024	2023	Rate
Total Energy Consumption				
Direct energy	MWh	30,265.1	31,235.0	-3.1%
Diesel	MWh	397.8	419.0	-5.1%
LPG	MWh	555.4	521.5	+6.5%
Gas	MWh	29,311.9	30,294.6	-3.2%
Indirect energy	MWh	40,405.0	41,487.4	-2.6%
Purchased electricity	MWh	40,405.0	41,487.4	-2.6%
Total energy consumption	MWh	70,670.1	72,722.4	-2.8%
Energy intensity (by Hong Kong's turnover)	MWh/HK$ thousand	0.04	0.05	-23.2%

Water Resources

The Group did not encounter any problem in obtaining water and has established stringent regulations on the use of water resources. Wastage of water resources was minimised through continuous reviews and adjustment of operational procedures. Relevant measures taken include, but are not limited to, the use of highly efficient defrosting devices and raising the awareness of our employees on water conservation through training, etc. The Group's total water consumption during the Reporting Period was 514,239 cubic metres, representing an increase of 4.2% as comparted to the previous Reporting Period. The water consumption intensity was 0.28 cubic metres/HK$ thousand turnover, representing a decrease of 12.7% as compared to the previous Reporting Period.

	Unit	2024	2023	Rate
Total water consumption				
Total water consumption	cubic metre	514,239	493,409	+4.2%
Water consumption intensity (by Hong Kong's turnover)	cubic metre/HK$ thousand	0.28	0.32	-12.7%

In order to avoid waste of water, the Group has requested store employees to check whether all taps and pipes in the store are turned off before leaving, and to actively follow water conservation measures in daily operations to enhance their effectiveness. In addition, we have installed water-saving taps or tap sensors, and we examine taps and pipes for leakage on a regular basis and arrange maintenance where necessary, so as to further reduce waste of water.

Packaging Materials

The Group attaches great importance to the environmental impact of the whole life cycle of its products, among which the environmental impact caused by the disposal of packaging materials cannot be ignored. Therefore, in addition to avoiding excessive packaging materials, the Group has actively adopted sustainable packaging materials, such as paper, sugar cane pulp and other degradable and fully-degradable materials, and has progressively adopted reusable or degradable materials at all of our operation sites to phase out disposable plastic tableware and utensils. During the Reporting Period, the total volume of packaging materials used by the Group was 18.2 tonnes and the intensity of packaging materials used was 0.01 tonnes/HK$ million.

Takeaway tableware and utensils

Use sugar cane drinking straws instead of plastic ones

Use sustainable materials certified by the Forest Stewardship Council to produce paper cups

Introduce biodegradable lunch boxes and containers made of plant fibre

Provide reusable takeaway insulated bags

Product packaging

Design the packaging of festive products such as New Year's lucky bags and potted vegetables to be reusable

Make plans to replace plastic with paper for all packaging materials of the "Concept" brand series

Given the nature of its business, the Group's business operations do not have a significant impact on the ecological environment and natural resources.

APPENDIX

Performance Overview

Environmental Performance[7]

	Unit	2024	2023	2022
Air pollutants				
Nitrogen oxides	kg	1,038.7	789.3	3,104.0
Sulphur oxides	kg	2.8	2.8	3.0
Respirable suspended particulates	kg	60.3	34.3	263.1
Greenhouse gas emissions				
Scope 1[8]	tonnes of CO2 equivalent	7,056.7	7,263.2[9]	7,219.3
Scope 2[10]	tonnes of CO2 equivalent	17,024.2	18,456.8	17,577.4
Scope 3[11]	tonnes of CO2 equivalent	753.3	333.3	621.8
Total GHG emissions (Scope 1, 2 and 3)	tonnes of CO2 equivalent	24,834.2	26,053.3	25,418.5
GHG intensity (by Hong Kong's turnover)	tonnes of CO2 equivalent/ HK$ million	13.49	16.83	18.74
Non-hazardous waste				
Total non-hazardous waste	tonnes	118.50	90.3	72.1
Non-hazardous waste intensity (by Hong Kong's turnover)	tonnes/HK$ million	0.064	0.060	0.053
Energy				
Direct energy	MWh	30,265.1	31,235.0	31,129.7
Indirect energy	MWh	40,405.0	41,487.4	37,810.2
Total energy consumption	MWh	70,670.1	72,722.4	68,939.9

	Unit	2024	2023	2022
Energy intensity (by Hong Kong's turnover)	MWh/HK$ thousand	0.04	0.05	0.10
Water resources				
Water consumption in total	cubic metre	514,239	493,409	658,559
Water consumption intensity (by Hong Kong's turnover)	cubic metre/HK$ thousand	0.28	0.32	0.49
Packaging material				
Total packaging material used	tonnes	18.2	15.7	30.5
Intensity of packaging material used (by Hong Kong's turnover)	tonnes/HK$ million	0.01	0.01	0.02

7 Use Hong Kong's turnover to calculate intensity data and update the intensity data of 2022 and 2021 for comparison.

8 Scope 1 is generated from the consumption of LPG and town gas in kitchen stoves, vehicle diesel and petrol.

9 As accurate raw data of refrigerant used in the operation of equipment and system was not available during the Reporting Period, the Group estimated the amount of refrigerant used and the related GHG emissions based on the actual operating conditions.

10 Scope 2 is generated from the consumption of purchased electricity and town gas.

11 Scope 3 is generated from water and sewage treatment, paper used in office and restaurants.

Social Performance

Number of employees		Number	Rate
By gender	Male	581	33.8%
	Female	1,140	66.2%
By rank	Senior management	268	15.6%
	Middle management	411	23.9%
	General staff	1,042	60.5%
By age group	30 or below	382	22.2%
	31-40	249	14.5%
	41-50	335	19.5%
	51 or above	755	43.9%
By employment type	Full-time	1,507	87.6%
	Part-time	214	12.4%
By region	Hong Kong	1,721	100.0%
	Mainland China	0	0
Total		1,721	–

New hires		Number	Average monthly rate of new hires
By gender	Male	671	9.6%
	Female	1131	8.3%
By age group	30 or below	640	14.0%
	31-40	293	9.8%
	41-50	361	9.0%
	51 or above	508	5.6%
By region	Hong Kong	1802	8.7%
	Mainland China	0	–
Total		494	104.7%

Employee turnover		Number	Average monthly turnover rate
By gender	Male	746	9.58%
	Female	838	6.94%
By age group	30 or below	485	11.63%
	31-40	233	8.60%
	41-50	336	8.26%
	51 or above	530	5.46%
By region	Hong Kong	1,391	7.83%
	Mainland China		
Total		1,584	7.83%

Occupational health and safety	2024	2022	2021
Reported cases of work injury	23	20	20
Lost days due to work injury	2,707	4,815	3,760
Number of work-related fatalities	0	0	0

Employees trained		Number	Rate
By gender	Male	671	98.53%
	Female	1,131	91.14%
By rank	Senior management	49	18.28%
	Middle management	487	105.41%
	General staff	1,266	106.21%
Total		1,802	93.76%

Training hours of employees receiving training		Total hours	Average hours
By gender	Male	3,314	4.94
	Female	3,950	3.49
By rank	Senior management	924	18.86
	Middle management	1,140	2.34
	General staff	5,200	3.58
Total		7,264	4.03

Suppliers		Number
By region	Hong Kong	158
	Mainland China	6
	Vietnam	1
	United Kingdom	1
Total		166

ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosure and KPIs	Content		Page Index/ Remarks
Mandatory disclosure requirement			
Governance Structure	(i)	a disclosure of the board's oversight of ESG issues.	38
	(ii)	the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses).	39
	(iii)	how the board reviews its progress based on ESG-related goals and an explanation of how they relate to the issuer's businesses	38-39

Reporting Principles	Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted by the issuer, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report the changes to the statistical methods or KPIs (if any), or any other relevant factors affecting a meaningful comparison.	33, 41-43
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	33, 35
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	40, 57-58, 61-62
A1.1	The types of emissions and respective emissions data.	59-60, 66
A1.2	Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions in total and intensity.	59, 66
A1.3	Total hazardous waste produced and intensity.	62, 66
A1.4	Total non-hazardous waste produced and intensity.	62, 66
A1.5	Description of the established emission targets and the steps adopted to meet these targets.	56
A1.6	Description of how hazardous and non-hazardous wastes are handled, and description of the established waste reduction targets and the steps adopted to meet these targets.	61-62

A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	62-65
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	63-64, 66
A2.2	Water consumption in total and intensity.	64, 67
A2.3	Description of the established energy use efficiency targets and the steps adopted to meet these targets.	63
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, and the established use of water efficiency targets and the steps adopted to meet these targets.	64
A2.5	Total packaging materials used for finished products and with reference to per unit produced.	65, 67
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	56
A3.1	Description of the significant impacts of operating activities on the environment and natural resources and the actions taken to manage them.	56
A4 Climate Change		
General Disclosure	Policies on identifying and addressing significant climate issues that had and will have impacts on the issuer.	56-57
A4.1	Description of significant climate issues that had and will have impacts on the issuer, and responsive actions.	56-57

B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	40, 46-47
B1.1	Total workforce by gender, employment type, age group and geographical region.	68
B1.2	Employee turnover rate by gender, age group and geographical region.	69
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to providing a safe working environment and protecting employees from occupational hazards.	40, 48-49
B2.1	Number and rate of work-related fatalities per year over the last 3 years (including the Reporting Year).	69
B2.2	Lost days due to work injury.	69
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	48-49
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	47-48
B3.1	The percentage of employees trained by gender and employee type.	48, 69
B3.2	Average hours of training per employee by gender and employee type.	70

B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to preventing child and forced labour.	40, 45
B4.1	Description of measures to review employment practices to avoid child and forced labour.	45
B4.2	Description of the steps adopted in relation to the elimination of identified irregularities.	45
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	51-53
B5.1	Number of suppliers by geographical region.	70
B5.2	Description of practices related to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	51-53
B5.3	Description of practices related to identifying environmental and social risks of each session of the supply chain, and how they are implemented and monitored.	52-53
B5.4	Description of practices related to encouraging frequent use of environmentally-friendly products and services during selection of suppliers, and how they are implemented and monitored.	52-53
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to health and safety, advertising, labelling and privacy matters related to products and services provided and methods of redress.	40, 43, 50-51, 53-54
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	54
B6.2	Number of complaints received regarding products and services and how they are dealt with.	54-55
B6.3	Description of practices related to observing and protecting intellectual property rights.	45

B6.4	Description of quality assurance process and recall procedures.	53-54
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	45
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to the prevention of bribery, extortion, fraud and money laundering.	40, 43-45
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	40
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	44-45
B7.3	Description of anti-corruption trainings provided to directors and employees.	45
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its operating activities take into consideration the communities' interests.	49-50
B8.1	Focus areas of contribution.	49-50
B8.2	Resources contributed to the focus area.	50

REPORT OF THE DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The Group is principally involved in restaurant operations in Hong Kong and Mainland China, and the production, sale and distribution of food products related to restaurant operations. The principal activities of the principal subsidiaries are set forth in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Further discussion and analysis of the performance and position of the Group's business during the year ended 31 March 2024, using financial key indicators, as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 8 to 13 of this annual report. The discussion forms part of this Directors' report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2024 and the Group's financial position at that date are set forth in the financial statements on pages 97 to 99.

The Directors recommended a final dividend of HK$0.3 cents per ordinary share, totalling approximately HK$3,900,000, in respect of the year to shareholders whose names appear on the register of members after the close of business at 4:30 p.m. on Friday, 4 October 2024. The proposed final dividends for the year ended 31 March 2024 have been approved at the Company's board meeting on 28 June 2024. The proposed final dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Details of the dividends for the year ended 31 March 2024 are set forth in note 14 to the financial statements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 24 September 2024 to Friday, 27 September 2024, both days inclusive, during which period no transfer of shares of the Company (the "**Shares**") will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming annual general meeting. In order to be eligible to attend and vote at the annual general meeting, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Fast East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 23 September 2024.

In addition, subject to the approval of shareholders at the meeting, the final dividend will be payable on or about 21 October 2024 to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Friday, 4 October 2024, and the register of members of the Company will be closed from Monday, 7 October 2024 to Tuesday, 8 October 2024, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Fast East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 4 October 2024 for registration.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering and listing of Shares (the "**Listing**") on the Main Board of the Stock Exchange on 13 November 2014 (the "**Listing Date**"), after the deduction of related issuance expenses, amounted to approximately HK$431.8 million. During the period from the Listing to 31 March 2024, the net proceeds from the Listing were utilised in accordance with the proposed applications set out in the prospectus of the Company dated 4 November 2014 (the "**Prospectus**") as follows:

Intended use of the net proceeds as stated in the Prospectus	**Planned use of proceeds** *(Note)* *(HK$' million)*	**Proceeds utilised during the year ended 31 March 2024** *(HK$' million)*	**Actual use of proceeds up to 31 March 2024** *(HK$' million)*	**Unutilised amount as at 31 March 2024** *(HK$' million)*
Opening of new restaurants under "Fulum (富臨)" main brand and under "Sportful (陶源)" main brand	172.7	–	172.7	–
Opening of specialty cuisine restaurants under "Concept line (概念線)"	64.8	–	64.8	–
Opening of restaurants in the PRC	86.3	–	86.3	–
Renovation and refurbishment of existing restaurants and headquarter, upgrade of our central kitchen and logistics center in Hong Kong and upgrade of our information technology systems	64.8	–	64.8	–
Acquisition of, or forming strategic alliances with, other brands or restaurants when suitable opportunities arise	21.6	2.2	8.6	13.0
General working capital	21.6	–	21.6	–
Total	431.8	2.2	418.8	13.0

Note: The planned amount of use of net proceeds has been adjusted in the same proportion and same manner as stated in the Prospectus due to the difference between the estimated net proceeds and the actual net proceeds received.

As at 31 March 2024, approximately HK$13.0 million of the net proceeds from the Listing (the "**Unutilised Net Proceeds**") was unutilised which was intended to be used in acquisition of, or forming of strategic alliances with, other brands or restaurants. The Company intends to apply the Unutilised net proceeds in accordance with the disclosed use of proceeds in the Prospectus. As the Group is still in the course of exploring and identifying suitable opportunities for acquisitions of, or forming of strategic alliances with, other brands or restaurants, there was a delay in utilizing the Unutilised net proceeds. It is expected that the Unutilised Net Proceeds would be fully utilized on or before 31 March 2025.

The Group held the unutilised net proceeds in short-term deposits with licensed banks in Hong Kong as at the date of this report.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five years, as extracted from the audited consolidated financial statements, is set out on page 160 of this annual report. This summary does not form part of the audited financial statements.

SHARE CAPITAL

As at 31 March 2024, the Company had 1,300,000,000 Shares of HK$0.001 each in issue (31 March 2023: 1,300,000,000 Shares of HK$0.001 each).

Details of the share capital and the movements in share options of the Company during the year are set out in notes 29 and 31 to the financial statements, respectively.

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group generally financed its operations with internally generated resources and bank borrowings. As at 31 March 2024, bank borrowings of the Group and the cash and cash equivalent held by the Group were mainly in HK$. For further information on the financial resources of the Group, please refer to the paragraph headed "Financial resources and liquidity" under the management discussion and analysis section of this report.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

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

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

PRINCIPAL PROPERTIES

Details of the principal properties of the Group are set out below:

Hong Kong

Location	Lot number	Type	Lease term
Office on 26th Floor of Tower A, No. 38 Wai Yip Street, Kowloon, Hong Kong	1,324/61,923 equal and undivided shares of and in New Kowloon Inland Lot No. 6313	Commercial	2065
Car Parking space Nos. P70 and P71 on Basement 1 Floor, No. 38 Wai Yip Street, Kowloon, Hong Kong	8/61,923 equal and undivided shares of and in New Kowloon Inland Lot No. 6313	Car parking space	2065

As at 31 March 2024, the above properties were used as offices and car parking spaces of the Group.

RESERVES

Details of the movement in reserves of the Group and of the Company during the year are respectively set out on page 100 and note 36 of this annual report. As at 31 March 2024, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$100,841,000.

DIVIDEND POLICY

The Company considers stable and sustainable returns to the shareholders of the Company to be its goal. It is the policy of the Board, in declaring or recommending a payment of dividend, to allow the shareholders to participate in the Company's profits and for the Company to retain adequate reserves of the Company for future growth. On 28 November 2018, the Board adopted a dividend policy (the "**Dividend Policy**") on the recommendation of the Audit Committee in order to promote greater dividend policy transparency. In deciding whether to recommend the payment of dividend to the shareholders, the Board will take into account (i) general business conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company; (ii) the financial condition and results of operations of the Group; (iii) the expected capital requirements and future expansion plans of the Group; (iv) future prospects of the Group; (v) statutory and regulatory restrictions; (vi) contractual restrictions on the payment of dividend by the Group to the shareholders or by the subsidiaries of the Company to the Company; (vii) taxation considerations; (viii) shareholders' interests; and (ix) other factors the Board may deem relevant. The Board may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment. Whilst the Dividend Policy reflects the Board's current views on the financial and cash-flow position of the Group, such dividend policy will continue to be reviewed from time to time and there can be no assurance that a dividend will be recommended or declared in any particular amount for any given period. The declaration of or recommendation of declaration of dividends is subject to the absolute discretion of the Board. Even if the Board decides to recommend and declare a dividend, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The payment of dividend is also subject to applicable laws and regulations and the Company's constitutional documents.

CHARITABLE CONTRIBUTIONS

During the year under review, the Group made charitable contributions totalling HK$37,000.

MAJOR CUSTOMERS AND SUPPLIERS

As a restaurant chain, the Company had a large and diversified customer base across Hong Kong and Mainland China and did not rely on any single customer during the year. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. For the year ended 31 March 2024, the five largest suppliers and the single largest supplier of the Group accounted for approximately 32.2% (2023: 36.1%) and 18.6% (2023: 19.2%) of the total purchases of the Group, respectively.

During the year under review, none of the Directors, their respective close associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

DIRECTORS

The Directors during the year and as at the date of this annual report were as follows:

Executive Directors:

Mr. Yeung Wai *(Chairman of the Board)*
Mr. Yeung Ho Wang *(Chief Executive Officer)*
Mr. Yeung Yun Kei
Mr. Leung Siu Sun
Mr. Yeung Chun Nin

Non-executive Director

Mr. Wu Kam On Keith *(Vice Chairman of the Board)*

Independent Non-executive Directors:

Mr. Ng Ngai Man Raymond
Mr. Wong Wai Leung Joseph
Mr. Chan Chun Bong Junbon

Pursuant to articles 84(1) and 84(2) of the Articles of Association, Mr. Leung, Mr. Yeung Chun Nin and Mr. Ng will retire as Directors by rotation and, all being eligible, have offered themselves for re-election at the forthcoming annual general meeting of the Company, except Mr. Ng who will retire from office upon conclusion of such annual general meeting and will not offer himself for re-election as disclosed in the announcement of the Company dated 5 July 2024.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company which may be terminated by either party giving to the other party not less than three months' advance written notice of termination. Each of the independent non-executive Directors has been appointed to the Board pursuant to their respective letters of appointment, for an initial term of three years, renewable automatically for successive terms of one month each commencing from the next day after the expiry of the then current term of appointment, and such appointment may be terminated by either party giving to the other party not less than three months' advance written notice of termination.

All Directors are subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

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

DIRECTORS' EMOLUMENTS

The emoluments payable to Directors are determined by the Board with reference to recommendations given by the Remuneration Committee to the Board taking into account the Directors' duties, responsibilities and performance and the results of the Group, such that the remuneration packages offered by the Company can be competitive, adequate (but not excessive) and in line with current market practices to attract, retain, motivate and reward the Directors and senior management, thereby having sufficient, experienced and competent manpower on the Board to achieve the Company's corporate goals and objectives. A summary of the Directors' remuneration is set out in note 13 to the financial statements.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices. Such permitted indemnity provision has been in force throughout the year. The Company has arranged appropriate Directors' liability insurance coverage for the Directors of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, no Director nor any entity connected with a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group subsisting during or at the end of the year ended 31 March 2024 to which the Company or any of the Company's subsidiaries was a party.

MANAGEMENT CONTRACTS

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

ENVIRONMENT POLICIES AND PERFORMANCE

The Company recognises the importance of its role in environmental and social sustainability. During the year under review, the Group has been striving to comply with the relevant laws and regulations in connection with environmental protection, emissions and efficient use of resources such as energy, water and packaging materials.

The environmental, social and governance report of the Group is set forth on pages 33 to 75 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best knowledge, information and belief of the Board and management, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group and there was no material breach of or non-compliance with the applicable laws and regulations by the Group during the year ended 31 March 2024.

RELATIONSHIP WITH EMPLOYEES

A description of the relationship with the employees of the Group is contained in the paragraph headed "Human Resources and Remuneration Policy" under the management discussion and analysis section of this report.

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

As at 31 March 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	The Company/ name of associated corporation	Capacity/ nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding
Mr. Yeung Wai	The Company	Interest held jointly with another person; interest in a controlled corporation; beneficial owner *(Note 2)*	915,375,000 Shares (L) *(Note 3)*	70.41%
Mr. Yeung Yun Kei	The Company	Interest held jointly with another person; beneficial owner *(Note 2)*	915,375,000 Shares (L) *(Note 4)*	70.41%
Mr. Leung Siu Sun	The Company	Beneficial Owner	73,625,000 Shares (L)	5.66%
Mr. Wu Kam On Keith	The Company	Beneficial Owner *(Note 5)*	4,000,000 Shares (L)	0.31%
Mr. Yeung Ho Wang	The Company	Beneficial Owner *(Note 5)*	4,000,000 Shares (L)	0.31%
Mr. Yeung Chun Nin	The Company	Beneficial Owner *(Note 5)*	1,087,500 Shares (L)	0.10%
Mr. Ng Ngai Man Raymond	The Company	Beneficial Owner *(Note 5)*	1,360,000 Shares (L)	0.10%
Mr. Wong Wai Leung Joseph	The Company	Beneficial Owner *(Note 5)*	1,360,000 Shares (L)	0.10%
Mr. Chan Chun Bong Junbon	The Company	Beneficial Owner *(Note 5)*	1,360,000 Shares (L)	0.10%

Notes:

1. The letter "L" denotes the person's long position in the shares and underlying shares of the Company or the relevant associated corporation.

2. Mr. Yeung Wai and Mr. Yeung Yun Kei, being our executive Directors, and Mr. Yeung Yun Chuen are siblings, associates of each other under the Listing Rules and are deemed to be persons acting in concert under The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong. As such, each of Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei is deemed to be interested in all the shares of the Company (the "**Shares**") in which the others are interested.

3. In respect of the 915,375,000 Shares, 272,025,000 Shares were held by Mr. Yeung Yun Chuen, 184,275,000 Shares were held by Mr. Yeung Yun Kei, 452,075,000 Shares were held by China Sage International Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Yeung Wai, and 7,000,000 Shares are underlying shares of the same number of options granted to Mr. Yeung Wai on 18 August 2021 under the Share Option Scheme.

4. In respect of the 915,375,000 Shares, 272,025,000 Shares were held by Mr. Yeung Yun Chuen, 184,275,000 Shares were held by Mr. Yeung Yun Kei, 452,075,000 Shares were held by China Sage International Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Yeung Wai, and 7,000,000 Shares are underlying shares of the same number of options granted to Mr. Yeung Yun Kei on 18 August 2021 under the Share Option Scheme.

5. The relevant Directors were granted options to subscribe for such number of Shares under the Share Option Scheme. Details of the Directors' Interests in Share options are set out in the paragraph headed "Share Option Scheme" in the annual report.

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executive had any interest or short position in the Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register that was required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 March 2024, the interests or short positions of the persons, other than Directors or chief executive of the Company, in the Shares and underlying shares of the Company, as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Name of shareholder	Capacity/nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding in the Company
Ms. Lam Man Ki, Elane	Interest of spouse *(Note 2)*	915,375,000 Shares (L)	70.41%
Mr. Yeung Yun Chuen	Interest held jointly with another person; beneficial owner *(Note 3)*	915,375,000 Shares (L) *(Note 4)*	70.41%
Ms. Yung Yuk Ling	Interest of spouse *(Note 5)*	915,375,000 Shares (L)	70.41%
Ms. Hui Lin Na	Interest of spouse *(Note 6)*	915,375,000 Shares (L)	70.41%
China Sage International Limited	Beneficial owner *(Note 7)*	452,075,000 Shares (L)	34.78%
Ms. Leung Siu Kuen	Interest of spouse *(Note 8)*	73,625,000 Shares (L)	5.66%

Notes:

1. The letter "L" denotes the person or entity's long position in the Shares and underlying shares of the Company.

2. Ms. Lam Man Ki, Elane was deemed to be interested in all the Shares in which Mr. Yeung Wai, her spouse, was interested by virtue of the SFO.

3. For details of the capacity/nature of interest of Mr. Yeung Yun Chuen, please refer to note 2 of the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" above.

4. In respect of the 915,375,000 Shares, 272,025,000 Shares were held by Mr. Yeung Yun Chuen, 184,275,000 Shares were held by Mr. Yeung Yun Kei, 452,075,000 Shares were held by China Sage International Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Yeung Wai, and 7,000,000 Shares are underlying shares of the same number of options granted to Mr. Yeung Yun Chuen on 18 August 2021 under the Share Option Scheme.

5. Ms. Yung Yuk Ling was deemed to be interested in all the Shares in which Mr. Yeung Yun Chuen, her spouse, was interested by virtue of the SFO.

6. Ms. Hui Lin Na was deemed to be interested in all the Shares in which Mr. Yeung Yun Kei, her spouse, was interested by virtue of the SFO.

7. These Shares were held by China Sage International Limited. The entire issued shares of China Sage International Limited are owned by Mr. Yeung Wai.

8. Ms. Leung Siu Kuen was deemed to be interested in all the Shares in which Mr. Leung Siu Sun, her spouse, was interested by virtue of the SFO.

Save as disclosed above, as at 31 March 2024, no person, other than the Directors and chief executive of the Company, had registered an interest or short position in the shares or underlying shares of the Company that was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was adopted by the Company on 28 October 2014 and became effective on 13 November 2014, and, unless otherwise cancelled or amended, will remain in force for 10 years from the effective date. Accordingly, the Share Option Scheme will expire on 12 November 2024.

(1) Purpose

The Company has adopted the Share Option Scheme for the purpose of motivating eligible participants to optimise their future contributions to the Group and to reward them for the past contributions and to attract and retain or otherwise maintain ongoing relationships with such eligible participants whose contributions are or will be beneficial to the performance, growth or success of the Group.

(2) Participants

Eligible participants of the Share Option Scheme include the Directors, including independent non-executive Directors, other employees of the Group and any consultants, business or joint venture partners, franchisees, contractors, agents, representatives or service providers of any member of the Group.

(3) Amount payable on application or acceptance of options, time of acceptance, exercise, and vesting period of options granted under the Share Option Scheme

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK$1 in total by the grantee within the period specified in the letter containing the offer of the grant of the share options. The period within which the Shares under the share options must be taken up and the minimum period, if any, for which a share option must be held before it can be exercised, will be determined by the Board in accordance with the Share Option Scheme.

(4) Subscription price for Shares

Pursuant to the Share Option Scheme, the Directors may invite participants to take up share options at a price determined by the Board but in any event shall not be less than the highest of (i) the nominal value of a Share; (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the offer date; and (iii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date.

(5) The maximum number of Shares available for issue

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Listing Date (i.e. 130,000,000 Shares) unless shareholders' approval has been obtained. The total number of Shares available for issue under the Share Option Scheme as at 31 March 2024 was 9,912,500 Shares, representing approximately 0.8% of the total issued share capital of the Company as at the date of this annual report.

(6) The maximum entitlement of each participant

The maximum number of Shares issuable to each eligible participant under the Share Option Scheme within any 12-month period is limited to 1% of the Shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in advance in a general meeting.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder of the Company or an independent non-executive Director, or to any of their associates, in excess of 0.1% of the Shares in issue at any time or with an aggregate value (based on the closing price of the Shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

(7) The duration of the Share Option Scheme

The remaining life of the Share Option Scheme is approximately five months as at the date of this report.

During the year ended 31 March 2024, no share options were granted. No share options were exercised and no shares were issued during the year. The total number of options available for grant under the Share Option Scheme was 9,912,500 Shares as at 1 April 2023 and 9,912,500 Shares as at 31 March 2024.

Particulars of the movement of options granted under the Share Option Scheme during the year ended 31 March 2024 are as follows:

Directors

Name	Capacity	Date of Grant	Exercise Price	Outstanding as at 1 April 2023	Granted during the period	Lapsed during the period	Outstanding as at 31 March 2024
Mr. Yeung Wai	Beneficial Owner	18 August 2021	HK$0.2056	7,000,000	–	–	7,000,000
Mr. Yeung Yun Kei	Beneficial Owner	18 August 2021	HK$0.2056	7,000,000	–	–	7,000,000
Mr. Leung Siu Sun	Beneficial Owner	18 August 2021	HK$0.2056	7,000,000	–	–	7,000,000
Mr. Wu Kam On Keith	Beneficial Owner	18 August 2021	HK$0.2056	4,000,000	–	–	4,000,000
Mr. Yeung Ho Wang	Beneficial Owner	18 August 2021	HK$0.2056	4,000,000	–	–	4,000,000
Mr. Yeung Chun Nin	Beneficial Owner	30 November 2022	HK$0.216	1,087,500	–	–	1,087,500
Ex-Director (Note 4)	Beneficial Owner	18 August 2021	HK$0.2056	7,000,000	–	–	7,000,000
Mr. Ng Ngai Man Raymond	Beneficial Owner	18 August 2021	HK$0.2056	1,360,000	–	–	1,360,000
Mr. Wong Wai Leung Joseph	Beneficial Owner	18 August 2021	HK$0.2056	1,360,000	–	–	1,360,000
Mr. Chan Chun Bong Junbon	Beneficial Owner	18 August 2021	HK$0.2056	1,360,000	–	–	1,360,000

Employees

Date of Grant	Capacity	Exercise Price	Outstanding as at 1 April 2023	Granted during the period	Lapsed during the period	Outstanding as at 31 March 2024
18 August 2021	Beneficial Owner	HK$0.2056	49,052,500	–	8,925,000	40,127,500
22 March 2023	Beneficial Owner	HK$0.228	15,000,000	–	–	15,000,000

Notes:

1. As for the share options granted on 18 August 2021, the closing price of the shares quoted on the Stock Exchange immediately before the business day on which the options were granted i.e. 17 August 2021 was HK$0.205. The options are exercisable in 3 tranches of 33%, 33% and 34%, respectively, during 18 August 2023 to 17 August 2026, 18 August 2024 to 17 August 2026 and 18 August 2025 to 17 August 2026, respectively, with no performance targets.

2. As for the share options granted on 30 November 2022, the closing price of the shares quoted on the Stock Exchange immediately before the business day on which the options were granted i.e. 29 November 2022 was HK$0.203. The options are exercisable in 3 tranches of 33%, 33% and 34%, respectively, during 30 November 2023 to 29 November 2026, 30 November 2024 to 29 November 2026 and 30 November 2025 to 29 November 2026, respectively, with no performance targets.

3. As for the share options granted on 22 March 2023, the closing price of the shares quoted on the Stock Exchange immediately before the business day on which the options were granted i.e. 21 March 2023 was HK$0.19. The options are exercisable in 3 tranches of 33%, 33% and 34%, respectively, during 22 March 2024 to 21 March 2027, 22 March 2025 to 21 March 2027 and 22 March 2026 to 21 March 2027, respectively, with no performance targets.

4. Mr. Yeung Yun Chuen retired as an Executive Director with effect from 30 June 2022. In accordance with the Share Option Scheme, share options of 7,000,000 granted to him remain effective until the end of the exercise period.

5. The estimated fair values of the options granted on 18 August 2021, 30 November 2022, and 22 March 2023 are approximately HK$8,843,000, HK$110,000 and HK$1,540,000 respectively.

6. For the model used in determining the value of the options, please refer to note 31 to the consolidated financial statements in this report. For the accounting standard and policy adopted, please refer to note 4 to the consolidated financial statements in this report.

7. The number of Shares that may be issued in respect of options granted under the Share Option Scheme during the year ended 31 March 2024 divided by the weighted average number of the Shares in issue for the year ended 31 March 2024 is 7.4%.

8. If as a result of the exercise of the share options, the public float as required under the Listing Rules cannot be maintained, then the share options may only be exercised by the grantees to the extent allowable under the Listing Rules so that after exercise of such share options, the public float requirements will not be violated.

9. Share options of 8,925,000 lapsed during the year ended 31 March 2024.

10. No share options were cancelled during the year ended 31 March 2024.

Further details of the Share Option Scheme are set out in note 31 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period under review were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement which enable the Directors to acquire such rights in any other body corporate.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, there was no contract of significance (i) in relation to the Group's business; or (ii) for provision of services to the Company or any of its subsidiaries between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of their respective subsidiaries during the year ended 31 March 2024.

CONTINUING CONNECTED TRANSACTIONS

During the year under review, the Group continued to transact the following continuing connected transactions which fell within the ambit of Chapter 14A of the Listing Rules:

The 2023 Connected Tenancy Framework Agreement

On 9 December 2022, the Company has entered into a tenancy framework agreement (the "**2023 Connected Tenancy Framework Agreement**") with Mr. Yeung (an executive Director, the chairman and one of the Controlling Shareholders), Mr. YC Yeung (one of the Controlling Shareholders), Mr. YK Yeung (an executive Director and one of the Controlling Shareholders), Mr. Yeung Chun Nin (an executive Director and the son of Mr. YC Yeung) and Mr. Leung (an executive Director) (collectively, the "**Connected Parties**"), pursuant to which, the parties agreed that relevant members of the Group and the various entities controlled by the Connected Parties and/or their associates, being the landlords of the leases contemplated under the 2023 Connected Tenancy Framework Agreement ("**Connected Landlord Entities**") shall enter into connected tenancy agreements to (a) renew the existing connected leases that are subsisting as at the date of the 2023 Connected Tenancy Framework Agreement, where applicable; (b) enter into the new connected leases that are ascertainable at the date of the 2023 Connected Tenancy Framework Agreement; and (c) enter into connected leases from time to time with a term not passing beyond the expiry date of the 2023 Connected Tenancy Framework Agreement, on normal commercial terms based on prevailing market rentals. The 2023 Connected Tenancy Framework Agreement has a term of three years commencing from 1 April 2023 to 31 March 2026 (both days inclusive).

Apart from the monthly rent payable to the Connected Landlord Entities, the relevant member of the Group shall also be responsible for paying, among others, such service and management charges as may from time to time be payable in respect of the Premises or by the owner or occupier of them under the deed of mutual covenant (the "**Service Charges**"). In particular, the monthly payment of Service Charges to the landlord of one of the premises also constitutes a continuing connected transaction for the Company.

The total value of right-of-use assets relating to the leases to be entered into by the Group for 36 premises for the year ending 31 March 2024, 31 March 2025, 31 March 2026 is HK$320,545,000, HK$0 and HK$0 respectively. The aggregate annual Service Charges for one of the Premises for the year ending 31 March 2024, 31 March 2025, 31 March 2026 is HK$2,852,000, HK$2,852,000 and HK$2,852,000 respectively.

Given that (i) Mr. Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung, being the executive Directors, are connected persons of the Company; (ii) Mr. YC Yeung, being one of the Controlling Shareholders, is a connected person of the Company; and (iii) the Connected Landlord Entities are associates of connected persons of the Company and are therefore connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules, the 2023 Connected Tenancy Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For further details of the 2023 Connected Tenancy Framework Agreement, please refer to the announcements of the Company dated 9 December 2022 and 15 February 2023 and circular of the Company dated 20 February 2023.

The independent non-executive Directors had reviewed and confirmed that the above continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties conducted in accordance with the terms of the respective tenancy agreements; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Zhonghui Anda CPA Limited, the Company's external auditor, was engaged to report on the Group's continuing connected transactions during the year ended 31 March 2024, in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Zhonghui Anda CPA Limited issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions during the year under review by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as disclosed above, the related party transactions disclosed in note 35 to the financial statements are either exempted or non-exempted continuing connected transactions or connected transactions which have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

ANNUAL OFFER ARRANGEMENTS AND RIGHT OF FIRST REFUSAL

BACKGROUND

As stated in the Prospectus, the controlling shareholders of the Company (the "**Controlling Shareholders**") had interests in, or control of, five mid-to-high end restaurants located in Guangdong Province of the PRC under the brand of "Sportful Garden (陶源)" which were not included in the Group (the "**Excluded PRC Restaurants**"). The Excluded PRC Restaurants were indirectly held by Mr. Yeung and Sportful Garden Restaurant Limited ("**SGRL**"), a company indirectly held as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively. As at 31 March 2024, only one of the Excluded PRC Restaurants which was located in Shenzhen ("**Shenzhen Sportful Garden**") remained in operation and the remaining four Excluded PRC Restaurants had been discontinued.

On 28 October 2014, Mr. Yeung, SGRL and the Company have entered into an option deed (the "**Deed of Annual Offer and ROFR**"), pursuant to which Mr. Yeung and SGRL agreed to offer, on an exclusive basis, an option to the Company to, at its sole and absolute discretion, acquire (i) all or part of their respective interests in the holding companies of the Excluded PRC Restaurants; and/or (ii) certain trademarks in the PRC containing the Chinese character "陶源" and English letters "Sportful Garden" (the "**PRC Sportful Garden Trademarks**") or any one of them, once in each financial year upon the Listing. Under the Deed of Annual Offer and ROFR, Mr. Yeung and SGRL will make the annual offer in each financial year by giving a written notice of offer (the "**Annual Offer Notice**") to the Company.

Under the Deed of Annual Offer and ROFR, Mr. Yeung and SGRL have further granted to the Company a right of first refusal, pursuant to which, in the event that Mr. Yeung and/or SGRL receive an offer from any independent third party to purchase, or contemplate to dispose of to any independent third party, the whole or any part of their respective interests in any of the Excluded PRC Restaurants and/or any of the PRC Sportful Garden Trademarks (the "**Third Party Disposal**"), the Company shall have the right to acquire the relevant Excluded PRC Restaurant(s) and/or the relevant PRC Sportful Garden Trademark(s) at the average appraised value under the valuation reports to be conducted by two independent valuers, who shall be appointed by the independent non-executive Directors.

DECISION MADE DURING THE YEAR UNDER REVIEW

The independent non-executive Directors, on behalf of the Company, had unanimously declined the annual offer under the Annual Offer Notice for the year ended 31 March 2024 given by Mr. Yeung and SGRL after evaluating the financial and operational performance of Shenzhen Sportful Garden for the financial year ended 31 December 2023 with the following reasons:

(i) due to the recent state policy against high-end consumption sentiments in the PRC, the Directors have confirmed that the Group has no current intention to tap into the mid-to-high end segment in the PRC. For the time being, all future investments of the Group into the PRC market are expected to focus on the mass market segment. In the event that there is an uplift of or change to the state policy against high end consumption sentiment in the PRC, the Group may consider acquiring the Excluded PRC Restaurants under the Deed of Annual Offer and ROFR before tapping into the mid-to-high end market in the PRC on our own venture to avoid direct or indirect competition with the Controlling Shareholders; and

(ii) according to the information provided by Mr. Yeung and SGRL, the consolidated operating and financial results of Shenzhen Sportful Garden were still in loss for the financial year ended 31 December 2023, and the business environment for mid-to-high end catering segments in the PRC was still sluggish.

Mr. Yeung and SGRL further confirmed in the Annual Offer Notice for the year ended 31 March 2024 that there was no Third Party Disposal during the year under review.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 March 2024, Mr. Yeung, Mr. YK Yeung and Mr. Leung, each being an executive Director, and Mr. YC Yeung, being a controlling shareholder and the associate of Mr. Yeung and Mr. YK Yeung, had interested in Shenzhen Sportful Garden, details of which are set out in the paragraph headed "Annual offer arrangements and right of first refusal" in this report of the Directors. As at 31 March 2024, the Group did not operate any restaurants targeting mid-to-high end market in the PRC. As such, the business of the Group and that of Shenzhen Sportful Garden are clearly delineated. In view of such business delineation and the terms of the Deed of Annual Offer and ROFR, the Group is capable of carrying on its business independently of, and at arm's length from the competing business of the Directors.

Save as disclosed above as at 31 March 2024, none of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflicts of interest with the Group.

DEED OF NON-COMPETITION

The Company has received the written confirmations from the Controlling Shareholders (namely Mr. Yeung, China Sage International Limited, Mr. YK Yeung and Mr. YC Yeung) in respect of their compliance with the provisions of the deed of non-competition ("**the Deed of Non-competition**"), entered into between the Controlling Shareholders and the Company during the year under review.

The independent non-executive Directors had reviewed the Controlling Shareholders' compliance with the Deed of Non-competition.

STATUS UPDATE AS TO THE 34 BUILDING ORDERS

Reference is made to the 34 unreleased building orders registered against our leased premises in the section headed "Business – Building orders and fire safety directions registered against our leased premises" in the Prospectus. Among those 34 unreleased building orders, 17 of them were no longer the leased premises of the Group as at the date of this report, 3 of them were released, 12 of them have been completed with rectification works and are subject to the release of the building orders while the remaining building orders are still being followed up, including those that we are unable to obtain co-operation from the relevant landlord(s) or incorporated owners to carry out the relevant rectification works.

EVENT AFTER REPORTING PERIOD

The Board is not aware of any material event affecting the Group since the end of the reporting period and up to the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of the issued Shares (i.e. at least 25% of the issued Shares has been held in public hands) as required under the Listing Rules during the year ended 31 March 2024 and up to the date of this report.

AUDITOR

As disclosed in the announcement of the Company dated 24 August 2021, the Board had resolved, with recommendation from the Audit Committee, to propose the appointment of Zhonghui Anda CPA Limited as the new auditor of the Company following the retirement of Ernst & Young at the annual general meeting of the Company held on 28 September 2021.

The consolidated financial statements of the Group for the financial year ended 31 March 2024 have been audited by ZHONGHUI ANDA CPA Limited, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

Save as disclosed above, there were no other changes in the auditors of the Company during the past three years.

ON BEHALF OF THE BOARD

Yeung Wai
Chairman

Hong Kong
28 June 2024

中汇
ZHONGHUI

TO THE SHAREHOLDERS OF FULUM GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Fulum Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 97 to 159, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements which mentions that as at 31 March 2024 the Group had net current liabilities of HK$407,293,000. This condition indicates a material uncertainty which 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 Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Property, plant and equipment and right-of-use assets

Refer to Note 16 and 18 to the consolidated financial statements

The Group tested the amount of property, plant and equipment and right-of-use assets for impairment. This impairment test is significant to our audit because the balance of property, plant and equipment and right-of-use assets of HK$183,315,000 and HK$666,942,000 respectively as at 31 March 2024 is material to the consolidated financial statements. In addition, the Group's estimation involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

– Assessing the identification of the related cash generating units;

– Assessing the arithmetical accuracy of the valuation model;

– Assessing the reasonableness of the key assumptions (including revenue growth, profit margins, terminal growth rates and discount rates);

– Obtaining the external valuation reports and discussion with the external valuer to discuss and challenge the discount rate valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;

– Checking input data to supporting evidence.

We consider that the Group's impairment test of property, plant and equipment and right-of-use assets is supported by the available evidence.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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. We report our opinion 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

http://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Tse Kit Yan
Audit Engagement Director
Practising Certificate Number P08158
Hong Kong, 28 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	7	**1,841,212**	1,641,488
Other income and gains, net	9	**21,778**	21,707
Cost of inventories sold		**(505,280)**	(491,469)
Government subsidies		**–**	60,989
Staff costs		**(637,612)**	(549,327)
Property rentals and related expenses		**(63,751)**	(77,407)
Depreciation of right-of-use assets		**(271,608)**	(230,405)
Depreciation of property, plant and equipment		**(58,203)**	(59,165)
Fuel and utility expenses		**(96,886)**	(84,112)
Other expenses		**(180,732)**	(180,482)
Share of loss in a joint venture		**(4,194)**	(1,000)
Reversal of/(losses from) impairment/write-off of non-financial assets		**273**	(7,315)
Losses from impairment/write-off of financial assets		**(1,058)**	(719)
Finance costs	10	**(31,936)**	(20,829)
Profit before tax		**12,003**	21,954
Income tax credit/(expense)	11	**38,571**	(825)
Profit for the year	12	**50,574**	21,129
Other comprehensive loss:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(279)**	(1,479)
		(279)	(1,479)
Total comprehensive income for the year		**50,295**	19,650
Profit/(loss) for the year attributable to:			
Owners of the Company		**50,584**	21,138
Non-controlling interests		**(10)**	(9)
		50,574	21,129
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**50,305**	19,659
Non-controlling interests		**(10)**	(9)
		50,295	19,650
Earnings per share			
– Basic and diluted (HK$ cent)	15	**3.89**	1.63

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	16	**183,315**	175,739
Right-of-use assets	18	**666,942**	400,280
Deposits and other receivables	21	**52,837**	52,186
Deferred tax assets	28	**41,855**	4,184
		944,949	632,389
Current assets			
Inventories	19	**76,448**	81,103
Trade receivables	20	**16,877**	11,077
Prepayments, deposits and other receivables	21	**104,585**	90,189
Amount due from a joint venture	17	**9,811**	4,941
Tax recoverable		**5**	1,774
Cash and cash equivalents	22	**121,790**	169,757
		329,516	358,841
Current liabilities			
Trade payables	23	**54,452**	63,663
Other payables, accruals and deferred income	24	**129,470**	110,765
Interest-bearing bank borrowings	25	**281,353**	308,926
Lease liabilities	26	**261,727**	148,179
Provision	27	**3,341**	5,246
Tax payable		**6,466**	6,345
		736,809	643,124
Net current liabilities		**(407,293)**	(284,283)
TOTAL ASSETS LESS CURRENT LIABILITIES		**537,656**	348,106

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Accruals and deferred income	24	**1,482**	3,324
Lease liabilities	26	**335,577**	192,356
Provision	27	**7,184**	5,830
Deferred tax liabilities	28	**–**	1,315
		344,243	202,825
NET ASSETS		**193,413**	145,281
Capital and reserves			
Share capital	29	**1,300**	1,300
Reserves	30	**194,693**	146,551
Equity attributable to owners of the Company		**195,993**	147,851
Non-controlling interests		**(2,580)**	(2,570)
TOTAL EQUITY		**193,413**	145,281

The consolidated financial statements on pages 97 to 159 were approved and authorised for issue by the board of directors on 28 June 2024 and are signed on its behalf by:

YEUNG WAI
Director

YEUNG YUN KEI
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company									
	Issued capital HK$'000	Share premium account HK$'000	Other reserves HK$'000 (Note 30)	Merger reserves HK$'000 (Note 30)	Share options reserve HK$'000 (Note 30)	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2022	1,300	540,140	(5,372)	31,073	1,846	(1,393)	(445,907)	121,687	–	121,687
Profit/(loss) for the year	–	–	–	–	–	–	21,138	21,138	(9)	21,129
Other comprehensive loss for the year	–	–	–	–	–	(1,479)	–	(1,479)	–	(1,479)
Total comprehensive income/(loss) for the year	–	–	–	–	–	(1,479)	21,138	19,659	(9)	19,650
Share-based payments	–	–	–	–	3,144	–	–	3,144	–	3,144
Equity transaction in relation to disposal of equity interests of a subsidiary without loss of control (#)	–	–	3,361	–	–	–	–	3,361	(2,561)	800
At 31 March 2023	1,300	540,140	(2,011)	31,073	4,990	(2,872)	(424,769)	147,851	(2,570)	145,281
At 1 April 2023	**1,300**	**540,140**	**(2,011)**	**31,073**	**4,990**	**(2,872)**	**(424,769)**	**147,851**	**(2,570)**	**145,281**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**50,584**	**50,584**	**(10)**	**50,574**
Other comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(279)**	**–**	**(279)**	**–**	**(279)**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**(279)**	**50,584**	**50,305**	**(10)**	**50,295**
Share-based payments	**–**	**–**	**–**	**–**	**1,737**	**–**	**–**	**1,737**	**–**	**1,737**
2023 special dividend (note 14)	**–**	**–**	**–**	**–**	**–**	**–**	**(3,900)**	**(3,900)**	**–**	**(3,900)**
At 31 March 2024	**1,300**	**540,140**	**(2,011)**	**31,073**	**6,727**	**(3,151)**	**(378,085)**	**195,993**	**(2,580)**	**193,413**

\# The Group's interest in Super Rich International Limited ("Super Rich") decreased from 100% to 70%. The decrease of the Group's equity interests in Super Rich of 30% does not result in any changes of the Group's control over Super Rich and is accordingly accounted for as equity transaction. The surplus of approximately HK$3,361,000, representing the difference between the consideration of HK$800,000 and the amount of non-controlling interests approximately HK$2,561,000, is credited to the other reserves.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
Cash flows from operating activities		
Profit before tax	**12,003**	21,954
Adjustments for:		
Interest income	**(361)**	(130)
Overprovision of reinstatement liabilities	**(2,035)**	(3,907)
Rent concessions related to COVID-19	**–**	(5,625)
Gain on lease termination	**(7,897)**	(3,014)
Share of loss in a joint venture	**4,194**	1,000
Finance costs	**31,936**	20,829
Impairment of trade receivables and other receivables	**1,058**	719
(Reversal of)/losses from impairment of property, plant and equipment	**(273)**	333
Write-off of property, plant and equipment	**–**	174
Impairment of right-of-use assets	**–**	6,808
Gain on disposal of subsidiaries	**–**	(2,185)
Share-based payments	**1,737**	3,144
Depreciation of property, plant and equipment	**58,203**	59,165
Depreciation of right-of-use assets	**271,608**	230,405
Operating cash flows before movements in working capital	**370,173**	329,670
Change in inventories	**4,655**	(3,225)
Change in trade receivables	**(6,858)**	(1,126)
Change in prepayments, deposits and other receivables	**(15,829)**	(14,230)
Change in trade payables	**(9,511)**	5,129
Change in other payables, accruals and deferred income	**16,863**	7,922
Change in provision	**1,484**	181
Cash generated from operations	**360,977**	324,321
Interest received	**361**	130
Income tax refunded	**1,475**	1,202
Net cash generated from operating activities	**362,813**	325,653

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
Cash flows from investing activities		
Purchases of items of property, plant and equipment	**(65,592)**	(60,565)
Investment in a joint venture	**(4,194)**	(1,000)
Advance to joint venture	**(4,870)**	(2,178)
Net cash used in investing activities	**(74,656)**	(63,743)
Cash flows from financing activities		
New bank loans	**–**	128,127
Repayment of bank loans	**(27,573)**	(4,115)
Principal portion of lease payments	**(275,246)**	(268,214)
Interest paid	**(31,936)**	(20,829)
Dividend paid	**(3,900)**	–
Equity transaction in relation to disposal of equity interests of a subsidiary without loss of control	**–**	400
Net cash used in financing activities	**(338,655)**	(164,631)
Net (decrease)/increase in cash and cash equivalents	**(50,498)**	97,279
Cash and cash equivalents at the beginning of the year	**169,757**	73,489
Effect of foreign exchange rate changes	**2,531**	(1,011)
Cash and cash equivalents at the end of the year	**121,790**	169,757
Analysis of cash and cash equivalents		
Bank and cash balances	**121,790**	169,757
	121,790	169,757

1. GENERAL INFORMATION

Fulum Group Holdings Limited is an exempted company with limited liability incorporated in the Cayman Islands on 24 February 2014. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 26/F, Capital Tower, 38 Wai Yip Street, Kowloon Bay, Hong Kong.

The Company is an investment holding company and the Company's subsidiaries are principally engaged in restaurant operations in Hong Kong and the People's Republic of China (the "**PRC**" or "**Mainland China**"). The shares of the Company (the "**Shares**") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 13 November 2014 (the "**Listing Date**") (the "**Listing**").

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

2. GOING CONCERN BASIS

As at 31 March 2024, the Group had net current liabilities of approximately HK$407,293,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities as and when they fall due given that (i) the Group will be able to raise fund to meet a level sufficient to finance the working capital requirements of the Group; (ii) there is a continuous improvement in the financial performance of the Group; and (iii) the Group is actively implementing cost-control and cost saving measures to improve operating cash flows and its financial position and the directors of the Company believe that the performance of the Group will be significantly improved in the forthcoming year.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on the going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements, to 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 non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 April 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (the "**HKFRS**"); Hong Kong Accounting Standards (the "**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

4. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as explained in the accounting policies set out below.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Consolidation *(continued)*

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has joint control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Joint arrangements *(continued)*

In relation to its interest in a joint operation, the Group recognises in its consolidated financial statements, its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly, in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's share of the net assets of that joint venture plus any remaining goodwill relating to that joint venture and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the **"functional currency"**). The consolidated financial statements are presented in HK$, which is the Company's presentation currency and functional currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives or annual rate on a straight-line basis. The principal annual rates are as follows:

Buildings	2.3%
Leasehold improvements	Over the shorter of the lease terms and the range of 14.3% to 16.7%
Furniture, fixtures and equipment	20%
Computer equipment	30%
Air conditioning	20%
Kitchen equipment	30%
Motor vehicles	30%

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

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Leasehold land	44 years
Buildings	2 to 12 years
Motor vehicles	3 to 5 years

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as lessee *(continued)*
Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

The Group as lessor
Operating leases
Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss (the **"Financial assets at FVTPL"**). Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

– Financial assets at amortised cost;

– Financial assets at FVTPL

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) Financial assets at FVTPL

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt instruments at FVTOCI unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (**"lifetime expected credit losses"**) for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings and long-term loan note are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings and long-term loan note are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

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

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; 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.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers *(continued)*

(i) Restaurant operations

Revenue from restaurant operations is recognised at the point in time when control of the asset is transferred to the customer being the point in time when the customer purchases the goods at the restaurants.

The Group's loyalty programme allows customers to accumulate points that can be redeemed for products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed and any adjustments to the contract liability balance are charged against revenue.

(ii) Sale of food and other operating items

Revenue from the sale of food and other operating items are recognised at the point in time when control of the asset is transferred to the customer, generally being the point in time when the customer purchases the goods at shops or upon delivery of the goods.

(iii) Sales from food court operation services

Sales from food court operation services, which is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(iv) Rental income from food court operations

Fixed rental income from the sub-lease of food courts, which is recognised on a straight-line basis over the lease term, and the variable portion of the rental income, which is computed based on a percentage of the food court tenant's gross sales recognised when such sales are earned.

Other revenue

Interest income is recognised using the effective interest method.

Sponsorship income is recognised when there is reasonable assurance that the sponsorship income will be received and all attaching conditions will be complied with. Where the sponsorship income relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Licensing income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the at the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) *Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged in profit or loss represents contributions payable by the Group to the funds.

(c) *Termination benefits*

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

Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share- based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates 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.

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.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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 realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

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

Individually 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 productions 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 individually material may be aggregated if they share a majority of these criteria.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except inventories, tax recoverable, deferred tax assets and receivables, 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 asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of assets *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit 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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 expenditures expected to settle the obligation.

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

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Going concern

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon (i) the Group will be able to raise fund to meet a level sufficient to finance the working capital requirements of the Group; (ii) there is a continuous improvement in the financial performance of the Group; and (iii) the Group is actively implementing cost-control and cost saving measures to improve operating cash flows and its financial position and the directors of the Company believe that the performance of the Group will be significantly improved in the forthcoming year. Details are explained in note 2 to consolidated financial statements.

Key sources of estimation uncertainty

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

(a) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flows, a material impairment loss may arise.

(b) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Provision of expected credit losses for trade and other receivables

The Group uses provision matrix to calculate expected credit losses for certain trade and other receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(d) Leases – Estimating the incremental borrowing rate

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

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities which is HK$. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates. The Group's policy is to obtain the most favourable interest rates available for its borrowings.

For Hong Kong dollar floating-rate borrowings, assuming that the amount of liability outstanding at the end of the reporting period was outstanding for the whole year with all other variables held constant, a 50 basis point increase/decrease in interest rates at 31 March 2024 would have decreased/increased the Group's profit before tax by HK$1,407,000 (2023: decreased/increased the Group's profit before tax by HK$1,545,000).

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the amount of each class of financial assets as disclosed in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group recognises an allowance for expected credit losses (**"ECLs"**) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

General approach *(continued)*
Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Maximum exposure and year-end staging
The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts for financial assets.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

As at 31 March 2024

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	30,641	30,641
Amount due from a joint venture	9,811	–	–	–	9,811
Financial assets included in prepayments, deposits and other receivables					
– Normal**	151,672	–	–	–	151,672
– Doubtful**	–	6,808	–	–	6,808
Cash and cash equivalents					
– Not past due	121,790	–	–	–	121,790
	283,273	6,808	–	30,641	320,722

As at 31 March 2023

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	23,991	23,991
Amount due from a joint venture	4,941	–	–	–	4,941
Financial assets included in prepayments, deposits and other receivables					
– Normal**	139,559	–	–	–	139,559
– Doubtful**	–	6,600	–	–	6,600
Cash and cash equivalents					
– Not past due	169,757	–	–	–	169,757
	314,257	6,600	–	23,991	344,848

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

The Group has a certain concentration of credit risk as certain of the Group's trade receivables were due from the Group's largest debtor and the five largest debtors as detailed below.

	2024 **%**	2023 %
Largest debtor	**11**	14
Five largest debtors	**35**	44

(d) Liquidity risk

In order to manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

31 March 2024	**Less than 1 year HK$'000**	**Between 1 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**	**Carrying amount HK$'000**
Trade payables	**54,452**	**–**	**–**	**54,452**	**54,452**
Financial liabilities included in other payables, accruals and deferred income	**117,418**	**1,482**	**–**	**118,900**	**118,900**
Interest-bearing bank borrowings	**281,353**	**–**	**–**	**281,353**	**281,353**
Lease liabilities	**275,117**	**338,929**	**6,614**	**620,660**	**597,304**
	728,340	**340,411**	**6,614**	**1,075,365**	**1,052,009**

6. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Liquidity risk *(continued)*

	Less than 1 year HK$'000	Between 1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
31 March 2023					
Trade payables	63,663	–	–	63,663	63,663
Financial liabilities included in other payables, accruals and deferred income	86,874	3,324	–	90,198	90,198
Interest-bearing bank borrowings*	308,926	–	–	308,926	308,926
Lease liabilities	167,135	165,799	23,492	356,426	340,535
	626,598	169,123	23,492	819,213	803,322

* Included in interest-bearing bank borrowings are bank loans of HK$281,353,000 (2023: HK$308,926,000) containing a repayment on demand clause giving the lender the unconditional right to call the loan at any time and therefore, for the purpose of the above maturity profile, these amounts are classified as "on demand".

Notwithstanding the above repayment on demand clause, the directors of the Company do not believe that the bank loans will be called in their entirety within 12 months, and they consider that the bank loans will be repaid in accordance with the maturity dates as set out in the bank loan agreements. This evaluation was made considering: the bank loans are fully guaranteed by the Government of the Hong Kong Special Administrative Region, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the bank loans, their maturity terms at 31 March 2024 are HK$49,933,000 (2023: HK$34,855,000) repayable within one year; HK$35,363,000 (2023: HK$39,642,000) repayable in the second year; HK$101,257,000 (2023: HK$183,627,000) repayable in the third to fifth years, inclusive; and HK$94,800,000 (2023: HK$74,310,000) repayable over five years.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**300,150**	325,334
Financial liabilities:		
Financial liabilities at amortised cost	**1,052,009**	803,322

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities at amortised cost as reflected in the consolidated statement of financial position approximate their respective fair values.

7. REVENUE

An analysis of revenue is as follows:

	2024 HK$'000	2023 HK$'000
Restaurant operations	**1,739,460**	1,532,981
Sale of food and other operating items	**51,480**	66,196
Sales from food court operations	**11,954**	13,997
Revenue from contracts with customers	**1,802,894**	1,613,174
Rental income from food court operations	**38,318**	28,314
	1,841,212	1,641,488

Disaggregation of revenue from contracts with customers:

	2024 HK$'000	2023 HK$'000
Geographical markets		
Hong Kong	**1,753,542**	1,575,418
PRC	**87,670**	66,070
	1,841,212	1,641,488

7. REVENUE *(continued)*

Disaggregation of revenue from contracts with customers: *(continued)*

	2024 HK$'000	2023 HK$'000
Information about timing of revenue recognition		
At a point in time	**1,790,940**	1,599,177
Over time	**11,954**	13,997
	1,802,894	1,613,174
Rental income from food court operations	**38,318**	28,314
	1,841,212	1,641,488

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

Restaurant operations

The performance obligation is satisfied when the customer obtains control of the promised goods, being the point in time when the customer purchases the goods at the restaurants. Payment of the transaction price is due immediately at the point when the customer purchases the goods.

Sale of food and other operating items

The performance obligation is satisfied when the customer obtains control of the promised goods, being the point in time when the customer purchases the goods at the shops or upon delivery of the goods. Payment is generally due at the point when the customer purchases the goods at shops or within 30 to 60 days from delivery.

Food court operations

Fixed rental income from the sub-lease of food courts, which is recognised on a straight-line basis over the lease term, and the variable portion of the rental income, which is computed based on a percentage of the food court tenant's gross sales recognised when such sales are earned.

Income from food court operation services, which is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

8. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors.

The Group is principally engaged in restaurant operations in Hong Kong and Mainland China. Information reported to the Group's management for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Information about geographical areas

The following tables present certain non-current asset information, by geographical areas.

	2024 HK$'000	2023 HK$'000
Hong Kong	**798,309**	536,132
PRC	**51,948**	39,887
	850,257	576,019

The non-current asset information above is based on the locations of the assets and excludes financial assets and deferred tax assets.

Information about major customers

During the year ended 31 March 2024 and 2023, none of the Group's individual customer contributed more than 10% to the total revenue of the Group.

9. OTHER INCOME AND GAINS, NET

	Note	2024 HK$'000	2023 HK$'000
Interest income		**361**	130
Licensing income		**444**	388
Sponsorship income		**3,135**	1,400
Rent concessions related to COVID-19	(1)	**–**	5,625
Forfeiture of rental deposits		**2,352**	–
Gain on lease termination		**7,897**	3,014
Overprovision of reinstatement liabilities		**2,035**	3,907
Others		**5,554**	7,243
		21,778	21,707

Note:

(1) The Group has applied the practical expedient not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification.

10. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on bank loans	**13,032**	9,147
Interest on lease liabilities	**18,904**	11,682
	31,936	20,829

11. INCOME TAX (CREDIT)/EXPENSE

	2024 HK$'000	2023 HK$'000
Hong Kong Profits Tax:		
– Current tax	**289**	4,120
PRC Enterprise Income Tax ("**EIT**"):		
– Current tax	**126**	44
Deferred tax (note 28):	**(38,986)**	(3,339)
	(38,571)	825

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Taxes on profits assessable in Mainland China have been calculated at the rate of 25% (2023: 25%) during the year.

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

	2024 HK$'000	2023 HK$'000
Profit before tax	**12,003**	21,954
Tax at the applicable income tax rate of 16.5% (2023: 16.5%)	**1,980**	3,622
Tax effect of income not taxable and expenses not deductible for tax purposes	**(1,392)**	807
Tax effect of tax losses not recognised	**132**	3,922
Utilisation of tax losses previously not recognised	**(1,315)**	(7,402)
Recognition of tax losses previously not recognised	**(37,671)**	–
Difference in tax rates applied for specific provinces in Mainland China	**(305)**	(124)
	(38,571)	825

12. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2024 HK$'000	2023 HK$'000
Auditor's remuneration	**2,150**	2,050
Cost of inventories sold	**505,280**	491,469
Expenses related to short-term leases	**6,373**	7,634
Expenses related to variable lease payments not included in lease liabilities	**5,745**	4,585
Gain on disposal of subsidiaries included in other expenses	**–**	(2,185)
(Reversal of)/losses from impairment of items of property, plant and equipment	**(273)**	333
Write-off of property, plant and equipment	**–**	174
Impairment of right-of-use assets	**–**	6,808
Impairment of trade receivables and other receivables	**1,058**	719
Salaries, bonuses and other allowances	**615,812**	525,501
Retirement benefit scheme contributions (defined contribution schemes)	**20,063**	20,682
Share-based payments	**1,737**	3,144
Total staff costs	**637,612**	549,327

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

For the year ended 31 March 2024		Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive Directors						
Mr. Yeung Wai		–	1,200	18	160	1,378
Mr. Yeung Chun Nin	(iii)	–	910	18	-	928
Mr. Yeung Yun Kei		–	960	18	160	1,138
Mr. Leung Siu Sun		–	960	18	160	1,138
Mr. Yeung Ho Wang		–	1,560	18	91	1,669
Non-executive Director						
Mr. Wu Kam On Keith	(i)	–	960	18	91	1,069
Independent Non-Executive Directors						
Mr. Ng Ngai Man Raymond		240	–	–	31	271
Mr. Wong Wai Leung Joseph		240	–	–	31	271
Mr. Chan Chun Bong Junbon		240	–	–	31	271
Total		720	6,550	108	755	8,133

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

For the year ended 31 March 2023		Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive Directors						
Mr. Yeung Wai		–	1,180	18	217	1,415
Mr. Yeung Yun Chuen	(ii)	–	252	5	217	474
Mr. Yeung Chun Nin	(iii)	–	700	14	12	726
Mr. Yeung Yun Kei		–	944	18	217	1,179
Mr. Leung Siu Sun		–	944	18	217	1,179
Mr. Wu Kam On Keith	(i)	–	2,156	15	124	2,295
Mr. Yeung Ho Wang		–	1,036	18	124	1,178
Non-executive Director						
Mr. Wu Kam On Keith	(i)	–	160	3	–	163
Independent Non-Executive Directors						
Mr. Ng Ngai Man Raymond		236	–	–	42	278
Mr. Wong Wai Leung Joseph		236	–	–	42	278
Mr. Chan Chun Bong Junbon		236	–	–	42	278
Total		708	7,372	109	1,254	9,443

Notes:

(i) Re-designated from an executive director and chief executive officer to a non-executive director on 13 January 2023.

(ii) Resigned as an executive director on 30 June 2022.

(iii) Appointed as an executive director on 30 June 2022.

The five highest paid employees during the year included four (2023: four) directors. Details of the remuneration for the year of the remaining one (2023: one) non-director highest paid employee are as follows:

	2024 HK$'000	2023 HK$'000
Basic salaries and allowances	**1,495**	1,495
Retirement benefits scheme contributions	**18**	18
Share-based payments	**26**	22
	1,539	1,535

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK$1,500,001 to HK$2,000,000	**1**	1

No emoluments were paid by the Group to any of the directors or chief executive officer of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

During the year ended 31 March 2024, 9 (2023: 10) directors of the Company have not waived emoluments (2023: waived emoluments of HK$151,000).

14. DIVIDENDS

The proposed final dividend of HK$0.3 cents per share, totalling approximately HK$3,900,000, for the year of 2024 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

A special dividend of HK$0.3 cents per share, totalling approximately HK$3,900,000, was declared and paid to the shareholders of the Company who appears on the register of members as at 9 October 2023. The dividend was paid on 19 October 2023.

15. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$50,584,000 (2023: HK$21,138,000) and the weighted average number of ordinary shares of 1,300,000,000 (2023: 1,300,000,000) in issue during the year.

Diluted earnings per share

The calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year ended 31 March 2024 attributable to owners of the Company of approximately HK$50,584,000 and the weighted average number of ordinary shares of 1,300,646,172, being the weighted average number of ordinary shares of 1,300,000,000 in issue during the year ended 31 March 2024 used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 646,172 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the end of the reporting period.

Diluted earnings per share are the same as basic earnings per share as the Company did not have any dilutive potential ordinary sharing during the year ended 31 March 2023.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Air conditioning HK$'000	Kitchen equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2024								
At 1 April 2023:								
Cost	**38,920**	**476,600**	**132,432**	**31,992**	**59,119**	**50,272**	**5,972**	**795,307**
Accumulated depreciation and impairment	**(1,898)**	**(381,158)**	**(105,529)**	**(27,384)**	**(52,704)**	**(45,662)**	**(5,233)**	**(619,568)**
Net carrying amount	**37,022**	**95,442**	**26,903**	**4,608**	**6,415**	**4,610**	**739**	**175,739**
At 1 April 2023, net of accumulated depreciation and impairment	**37,022**	**95,442**	**26,903**	**4,608**	**6,415**	**4,610**	**739**	**175,739**
Additions	**–**	**49,415**	**8,157**	**6,928**	**354**	**738**	**–**	**65,592**
Depreciation provided during the year	**(876)**	**(41,482)**	**(9,281)**	**(3,004)**	**(1,720)**	**(1,388)**	**(452)**	**(58,203)**
Impairment	**–**	**273**	**–**	**–**	**–**	**–**	**–**	**273**
Exchange realignment	**–**	**(50)**	**(12)**	**(2)**	**(10)**	**(4)**	**(8)**	**(86)**
At 31 March 2024, net of accumulated depreciation and impairment	**36,146**	**103,598**	**25,767**	**8,530**	**5,039**	**3,956**	**279**	**183,315**
At 31 March 2024:								
Cost	**38,920**	**526,015**	**140,589**	**38,920**	**59,473**	**51,010**	**5,972**	**860,899**
Accumulated depreciation and impairment	**(2,774)**	**(422,417)**	**(114,822)**	**(30,390)**	**(54,434)**	**(47,054)**	**(5,693)**	**(677,584)**
Net carrying amount	**36,146**	**103,598**	**25,767**	**8,530**	**5,039**	**3,956**	**279**	**183,315**
31 March 2023								
At 1 April 2022:								
Cost	38,920	450,876	124,772	29,875	58,717	50,544	5,913	759,617
Accumulated depreciation and impairment	(1,022)	(355,916)	(100,596)	(25,451)	(51,129)	(44,818)	(4,528)	(583,460)
Net carrying amount	37,898	94,960	24,176	4,424	7,588	5,726	1,385	176,157
At 1 April 2022, net of accumulated depreciation and impairment	37,898	94,960	24,176	4,424	7,588	5,726	1,385	176,157
Additions	–	43,890	11,641	2,602	1,507	591	120	60,351
Write-off	–	–	(174)	–	–	–	–	(174)
Depreciation provided during the year	(876)	(42,409)	(8,588)	(2,393)	(2,477)	(1,667)	(755)	(59,165)
Impairment	–	(229)	(67)	(11)	(15)	(11)	–	(333)
Exchange realignment	–	(770)	(85)	(14)	(188)	(29)	(11)	(1,097)
At 31 March 2023, net of accumulated depreciation and impairment	37,022	95,442	26,903	4,608	6,415	4,610	739	175,739
At 31 March 2023:								
Cost	38,920	476,600	132,432	31,992	59,119	50,272	5,972	795,307
Accumulated depreciation and impairment	(1,898)	(381,158)	(105,529)	(27,384)	(52,704)	(45,662)	(5,233)	(619,568)
Net carrying amount	37,022	95,442	26,903	4,608	6,415	4,610	739	175,739

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

For the purpose of impairment testing of property, plant and equipment and right-of-use assets, the Group regards each individual restaurant as a separately identifiable cash-generating unit ("**CGU**") and carried out impairment assessment for the restaurants which have indicator of impairment.

As at 31 March 2024, the Group's management identified certain profit making restaurants which indicated that impairment may no longer exist and estimated the corresponding recoverable amount of their property, plant and equipment and right-of-use assets. Based on the assessment performed by the Group's management, a reversal of impairment of HK$273,000 were recognised immediately in profit or loss as at 31 March 2024.

As at 31 March 2023, the Group's management identified certain loss making restaurants which indicated that impairment may exist and estimated the corresponding recoverable amount of their property, plant and equipment and right-of-use assets. Based on the assessment performed by the Group's management, impairment of HK$333,000 and HK$6,808,000 were recognised to write down the carrying amounts of these items of property, plant and equipment and right-of-use assets, respectively, to their recoverable amounts as at 31 March 2023.

The recoverable amount of a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit, which is estimated by using cash flow projections based on financial budgets approved by senior management covering a five-year period (the "**5-Year Projection**").

The key assumptions used in value in use of the relevant CGUs include budgeted revenue and the discount rate. Revenue from restaurant operations is estimated based on the business trend in the industry of restaurant operation, historical performance, market conditions and economic outlook. The average revenue growth rate used by each CGU is ranging from 3% to 20% (2023: 3% to 20%). The pre-tax discount rate applied is 14.2% (2023: 14.2%).

As at 31 March 2024, the Group's buildings with a net carrying amount of HK$36,146,000 (2023: HK$37,022,000) were pledged to secure the banking facilities granted to the Group (note 25).

17. AMOUNT DUE FROM A JOINT VENTURE

Amount due from a joint venture is unsecured, interest-free and have no fixed repayment terms.

18. RIGHT-OF-USE ASSETS

	2024 HK$'000	2023 HK$'000
At 31 March:		
Right-of-use assets		
– Leasehold land	**129,555**	131,106
– Buildings	**537,387**	269,022
– Motor vehicles	**–**	152
	666,942	400,280
Lease commitments of short-term leases	**11,444**	3,084
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Less than 1 year	**275,117**	167,135
– Between 1 and 5 years	**338,929**	165,799
– Over 5 years	**6,614**	23,492
	620,660	356,426
Year ended 31 March:		
Depreciation of right-of-use assets		
– Leasehold land	**3,103**	3,103
– Buildings	**268,353**	227,066
– Motor vehicles	**152**	236
	271,608	230,405
Lease interests	**18,904**	11,682
Expenses related to short-term leases	**6,373**	7,634
Expenses related to variable lease payments not included in lease liabilities	**5,745**	4,585
Total cash outflow for leases	**306,268**	292,115
Additions to right-of-use assets	**539,337**	174,212
Decrease due to disposal of a subsidiary	**–**	721

18. RIGHT-OF-USE ASSETS *(continued)*

At 31 March 2024, certain of the Group's right-of-use assets with an aggregate carrying amount of HK$129,555,000 (2023: HK$131,106,000) were pledged to secure the banking facilities granted to the Group, further details of which are included in note 25 to the consolidated financial statements.

At 31 March 2024, certain of the Group's right-of-use assets with an aggregate carrying amount of Nil (2023: HK$152,000) were pledged to secure the Group's lease liabilities.

19. INVENTORIES

	2024 **HK$'000**	2023 HK$'000
Food and beverages	**72,314**	77,251
Other operating items for restaurant operations	**4,134**	3,852
	76,448	81,103

20. TRADE RECEIVABLES

	2024 **HK$'000**	2023 HK$'000
Credit card receivables	**3,520**	3,343
Others	**27,121**	20,648
	30,641	23,991
Impairment	**(13,764)**	(12,914)
	16,877	11,077

The Group's trading terms with its customers are mainly on cash and credit card settlement while trading terms for sale of food are on credit with credit periods ranging from 30 to 60 days (2023: 30 to 60 days). The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

20. TRADE RECEIVABLES *(continued)*

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	**12,899**	7,608
1 to 3 months	**3,620**	3,105
3 to 12 months	**358**	364
	16,877	11,077

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 HK$'000	2023 HK$'000
At beginning of year	**12,914**	12,195
Impairment losses	**850**	719
At end of year	**13,764**	12,914

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

During the year, the expected loss rates for trade receivables with certain customers that were credit impaired were assessed specifically by management. For trade receivables that are past due over three months but not credit impaired, management has not observed objective evidence of financial difficulties of the debtors and has been taking credit risk mitigating measures. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

20. TRADE RECEIVABLES *(continued)*

As at 31 March 2024

	Credit impaired receivables HK$'000	Current HK$'000	Past due: 1 to 3 months HK$'000	Past due: 3 to 12 months HK$'000	Past due: Over 12 months HK$'000	Total HK$'000
Expected credit loss rate	**100%**	**4.90%**	**10.66%**	**16.94%**	**100.00%**	**44.92%**
Gross carrying amount (HK$'000)	**12,195**	**13,563**	**4,052**	**431**	**400**	**30,641**
Expected credit losses (HK$'000)	**12,195**	**664**	**432**	**73**	**400**	**13,764**

As at 31 March 2023

	Credit impaired receivables HK$'000	Current HK$'000	Past due: 1 to 3 months HK$'000	Past due: 3 to 12 months HK$'000	Past due: Over 12 months HK$'000	Total HK$'000
Expected credit loss rate	100%	4.08%	9.66%	14.75%	0.00%	53.83%
Gross carrying amount (HK$'000)	12,195	7,932	3,437	427	–	23,991
Expected credit losses (HK$'000)	12,195	324	332	63	–	12,914

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Prepayments	**4,047**	1,108
Deposits	**119,828**	109,499
Rental deposits paid to related companies*	**17,257**	19,258
Deposits for purchases of items of property, plant and equipment	**1,703**	1,708
Other receivables	**21,395**	17,402
	164,230	148,975
Impairment - other receivables	**(6,808)**	(6,600)
	157,422	142,375
Analysed into:		
Non-current portion	**52,837**	52,186
Current portion	**104,585**	90,189
	157,422	142,375

* These related companies were under common control of Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei (the "**Controlling Shareholders**") and/or their family members. In the opinion of the directors of the Company, these deposits arose from ordinary course of business.

The movements in the loss allowance for impairment of other receivables are as follows:

	2024 HK'000	2023 HK'000
At beginning of the year	**6,600**	6,600
Impairment losses	**208**	–
At end of the year	**6,808**	6,600

22. CASH AND CASH EQUIVALENTS

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to HK$11,927,000 (2023: HK$19,742,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

23. TRADE PAYABLES

The trade payables are non-interest-bearing and generally have payment terms of 45 to 90 days (2023: 45 to 90 days). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	**50,431**	50,473
1 to 3 months	**3,208**	9,285
3 to 12 months	**809**	1,206
Over 12 months	**4**	2,699
	54,452	63,663

24. OTHER PAYABLES, ACCRUALS AND DEFERRED INCOME

	Note	2024 HK$'000	2023 HK$'000
Other payables		**60,718**	48,786
Accruals		**58,182**	41,412
Contract liabilities	(a)	**12,048**	18,676
Deferred other income		**4**	5,215
		130,952	114,089
Analysed into:			
Non-current portion		**1,482**	3,324
Current portion		**129,470**	110,765
		130,952	114,089

(a) Details of contract liabilities are as follows:

	31 March 2024 HK$'000	31 March 2023 HK$'000	1 April 2022 HK$'000
Restaurant operations	**12,048**	18,676	15,680

Revenue recognised in the year that was included in contract liabilities at beginning of year

	2024 HK$'000	2023 HK$'000
	18,676	15,680

Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:

	2024 HK$'000	2023 HK$'000
2024	**–**	18,676
2025	**12,048**	–

25. INTEREST-BEARING BANK BORROWINGS

	2024 **HK$'000**	2023 HK$'000
Bank borrowings	**281,353**	308,926
Secured	**76,714**	78,725
Unsecured	**204,639**	230,201
	281,353	308,926
Analysed into:		
Within one year or on demand	**281,353**	308,926

Notes:

For the purpose of the above analysis, the Group's unsecured bank loans in the amount of HK$204,639,000 (2023: HK$230,201,000) containing a repayment on demand clause are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

Based on the maturity terms of the bank borrowings, the amounts repayable in respect of the bank borrowings are: HK$49,933,000 (2023: HK$44,365,000) repayable within one year; HK$35,363,000 (2023: HK$34,338,000) repayable in the second year; HK$101,257,000 (2023: HK$109,793,000) repayable in the third to fifth years, inclusive; and HK$94,800,000 (2023: HK$120,430,000) repayable over five years.

All borrowings are in Hong Kong dollars. The Group's bank loans of HK$76,714,000 (2023: HK$78,725,000) as at 31 March 2024 are secured by mortgages over the Group's own-occupied properties situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of HK$165,701,000 (2023: HK$168,128,000). The Group's unsecured bank loans of HK$204,639,000 (2023: HK$230,201,000) as at 31 March 2024 are fully guaranteed by the Government of the Hong Kong Special Administrative Region.

The effective interest rates as follows:

	2024	2023
Unsecured	**Prime rate-2.25%**	Prime rate-2.25%
Secured	**1-month HIBOR+1.45%**	1-month HIBOR+1.45%

26. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**275,117**	167,135	**261,727**	148,179
In the two to fifth years, inclusive	**338,929**	165,799	**329,908**	169,563
After five years	**6,614**	23,492	**5,669**	22,793
	620,660	356,426	**597,304**	340,535
Less: Future finance charges	**(23,356)**	(15,891)	**N/A**	N/A
Present value of lease liabilities	**597,304**	340,535		
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(261,727)**	(148,179)
Amount due for settlement after 12 months			**335,577**	192,356

At 31 March 2024, the incremental borrowing rate ranging from 2.75% to 4.15% (2023: from 2.75% to 4.15%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

27. PROVISION

	2024 HK$'000	2023 HK$'000
At the beginning of year	**11,076**	14,802
Additional provision	**1,484**	181
Reversal of unutilised amounts	**(2,035)**	(3,907)
At the end of year	**10,525**	11,076
Analysed into:		
Non-current portion	**7,184**	5,830
Current portion	**3,341**	5,246
	10,525	11,076

The provision represents management's best estimate of the Group's liabilities of the costs of dismantling and removing the leasehold improvements and restoring the sites on which they are located.

28. DEFERRED TAX

	Depreciation allowance in excess of related depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2022	(1,786)	1,316	(470)
Credit to profit or loss	471	2,868	3,339
At 31 March 2023 and 1 April 2023	(1,315)	4,184	2,869
Credit to profit or loss	1,315	37,671	38,986
At 31 March 2024	–	41,855	41,855

At 31 March 2024, the Group had estimated tax losses arising in Hong Kong of approximately HK$619,685,000 (2023: HK$629,878,000), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. At 31 March 2024, the Group also had estimated tax losses arising in Mainland China of HK$22,553,000 (2023: HK$18,964,000) that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose. At 31 March 2024, a deferred tax asset has been recognised in respect of approximately HK$253,667,000 (2023: HK$25,358,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately HK$388,571,000 (2023: HK$623,484,000) due to the unpredictability of future profit streams.

28. DEFERRED TAX *(continued)*

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprise established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 March 2024, no deferred tax liabilities has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Company's directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. No temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised in both years.

29. SHARE CAPITAL

	Number of shares	**Amount equivalent to share capital**
		HK$'000
Authorised:		
Shares of the Company with nominal value of HK$0.001 each		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	2,000,000,000	2,000
Issued and fully paid:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	1,300,000,000	1,300

Capital risk management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

30. RESERVES

Other reserve

Other reserve represents (i) the gain on deemed disposal of an interest in a subsidiary amounting to approximately HK$8,000; and (ii) the difference between the acquisition of additional equity interests from the then non-controlling shareholders and the consideration paid.

Merger reserve

The merger reserve represents reserves arising from a reorganisation of the Company in connection with the Listing.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note to the consolidated financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

31. SHARE OPTION SCHEMES

The Company operates a share option scheme (the **"Schemes"**) for the purpose of motivating eligible participants to optimise their future contributions to the Group and to reward them for the past contributions and to attract and retain or otherwise maintain ongoing relationships with such eligible participants whose contributions are or will be beneficial to the performance, growth or success of the Group.

Eligible participants of the Schemes include the Company's directors, including independent non-executive directors, other employees of the Group and any consultants, business or joint venture partners, franchisees, contractors, agents, representatives or service providers of any member of the Group. The share option scheme became effective on 13 November 2014, and, unless otherwise cancelled or amended, will remain in force for 10 years, from the respective effective dates.

The maximum number of shares in respect of which options may be granted under the Schemes and any other schemes by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the listing date unless shareholders' approval has been obtained.

The maximum number of shares issuable under the share options to each eligible participant in the Schemes within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in advance in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associate, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

31. SHARE OPTION SCHEMES *(continued)*

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and may commence from the date of the offer of the share options and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry dates of the Schemes, if earlier.

All holders of 2022 Option granted under the Scheme may only exercise their options in the following manner:

Maximum percentage of options exercisable	Vesting period
33% of options	at any time after the expiration of 24 months from the date of grant
Additional 33% of options	at any time after the expiration of 36 months from the date of grant
Additional 34% of options	at any time after the expiration of 48 months from the date of grant

All holders of 2023 Option A and 2023 Option B granted under the Scheme may only exercise their options in the following manner:

Maximum percentage of options exercisable	Vesting period
33% of options	at any time after the expiration of 12 months from the date of grant
Additional 33% of options	at any time after the expiration of 24 months from the date of grant
Additional 34% of options	at any time after the expiration of 36 months from the date of grant

At 31 March 2024, the total number of shares in respect of which options under the Scheme had been granted and remained outstanding was 96,295,000, representing 7% of the shares of the Company in issue at that date. The options outstanding at the end of year have a weight average remaining contractual life is approximately 2.48 years.

No option was exercised during the year ended 31 March 2024 and 2023.

31. SHARE OPTION SCHEMES *(continued)*

The fair value of the share options was determined at the date of grant using the Binomial option pricing model (the "Binomial Model") with the following inputs and based on the respective vesting period of the share options:

	2022 Option	2023 Option A	2023 Option B
Stock price as at grant date	HK$0.205	HK$0.216	HK$0.228
Exercise price	HK$0.2056	HK$0.216	HK$0.228
Expected volatility	49.09%	56.83%	58.39%
Expected life of options	5 years	4 years	4 years
Risk free rate	0.8%	3.912%	3.087%
Expected dividend yield	0%	0%	0%

The Binomial Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Expected volatility was determined by using the historical volatility of the Company's share prices over the previous four years. Changes in variables and assumptions may result in changes in the fair value of the options.

The total estimated fair value of the 2023 Option A and 2023 Option B granted on that date were approximately HK$110,000 and HK$1,540,000 respectively.

The Group recognised share-based payments expense of approximately HK$1,737,000 during the year ended 31 March 2024 (2023: HK$3,144,000) in relation to the share options granted by the Company and net off with share options forfeited before the vesting period.

31. SHARE OPTION SCHEMES *(continued)*

The following tables disclose the movements in the Company's number of share options during the years ended 31 March 2024 and 2023:

2024

Name of grantee	Batch of Option	Date of grant	Exercisable period	Exercisable price	Outstanding as at 1 April 2023	Granted during the year	Lapsed during the year	Outstanding as at 31 March 2024
Executive Director								
Mr. Yeung Wai	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Wai	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Wai	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	2,380,000	–	–	2,380,000
Mr. Yeung Yun Kei	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Yun Kei	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Yun Kei	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	2,380,000	–	–	2,380,000
Mr. Leung Siu Sun	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Leung Siu Sun	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Leung Siu Sun	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	2,380,000	–	–	2,380,000
Mr. Wu Kam On Keith	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	1,320,000	–	–	1,320,000
Mr. Wu Kam On Keith	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	1,320,000	–	–	1,320,000
Mr. Wu Kam On Keith	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	1,360,000	–	–	1,360,000
Mr. Yeung Ho Wang	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	1,320,000	–	–	1,320,000
Mr. Yeung Ho Wang	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	1,320,000	–	–	1,320,000
Mr. Yeung Ho Wang	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	1,360,000	–	–	1,360,000
Mr. Yeung Chun Nin	2023 Option A	30.11.2022	30.11.2023-29.11.2026	HK$0.216	358,875	–	–	358,875
Mr. Yeung Chun Nin	2023 Option A	30.11.2022	30.11.2024-29.11.2026	HK$0.216	358,875	–	–	358,875
Mr. Yeung Chun Nin	2023 Option A	30.11.2022	30.11.2025-29.11.2026	HK$0.216	369,750	–	–	369,750
Ex-Director (Note 1)	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Ex-Director (Note 1)	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Ex-Director (Note 1)	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	2,380,000	–	–	2,380,000
Independent non-executive Director								
Mr. Ng Ngai Man Raymond	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Ng Ngai Man Raymond	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Ng Ngai Man Raymond	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	462,400	–	–	462,400
Mr. Wong Wai Leung Joseph	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Wong Wai Leung Joseph	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Wong Wai Leung Joseph	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	462,400	–	–	462,400
Mr. Chan Chun Bong Junbon	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Chan Chun Bong Junbon	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Chan Chun Bong Junbon	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	462,400	–	–	462,400
Employees	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	16,187,325	–	(2,945,250)	13,242,075
Employees	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	16,187,325	–	(2,945,250)	13,242,075
Employees	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	16,677,850	–	(3,034,500)	13,643,350
Employees	2023 Option B	22.3.2023	22.3.2024-21.3.2027	HK$0.228	4,950,000	–	–	4,950,000
Employees	2023 Option B	22.3.2023	22.3.2025-21.3.2027	HK$0.228	4,950,000	–	–	4,950,000
Employees	2023 Option B	22.3.2023	22.3.2026-21.3.2027	HK$0.228	5,100,000	–	–	5,100,000
					105,220,000	–	(8,925,000)	96,295,000
Exercisable at the end of the year								31,777,350
Weighted average exercise price								HK$0.2092

31. SHARE OPTION SCHEMES *(continued)*

2023

Name of grantee	Batch of Option	Date of grant	Exercisable period	Exercisable price	Outstanding as at 1 April 2022	Granted during the year	Lapsed during the year	Outstanding as at 31 March 2023
Executive Director								
Mr. Yeung Wai	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Wai	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Wai	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	2,380,000	–	–	2,380,000
Mr. Yeung Yun Kei	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Yun Kei	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Yun Kei	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	2,380,000	–	–	2,380,000
Mr. Leung Siu Sun	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Leung Siu Sun	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Leung Siu Sun	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	2,380,000	–	–	2,380,000
Mr. Wu Kam On Keith	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	1,320,000	–	–	1,320,000
Mr. Wu Kam On Keith	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	1,320,000	–	–	1,320,000
Mr. Wu Kam On Keith	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	1,360,000	–	–	1,360,000
Mr. Yeung Ho Wang	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	1,320,000	–	–	1,320,000
Mr. Yeung Ho Wang	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	1,320,000	–	–	1,320,000
Mr. Yeung Ho Wang	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	1,360,000	–	–	1,360,000
Mr. Yeung Chun Nin	2023 Option A	30.11.2022	30.11.2023-29.11.2026	HK$0.216	–	358,875	–	358,875
Mr. Yeung Chun Nin	2023 Option A	30.11.2022	30.11.2024-29.11.2026	HK$0.216	–	358,875	–	358,875
Mr. Yeung Chun Nin	2023 Option A	30.11.2022	30.11.2025-29.11.2026	HK$0.216	–	369,750	–	369,750
Ex-Director (Note 1)	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Ex-Director (Note 1)	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Ex-Director (Note 1)	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	2,380,000	–	–	2,380,000
Independent non-executive Director								
Mr. Ng Ngai Man Raymond	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Ng Ngai Man Raymond	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Ng Ngai Man Raymond	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	462,400	–	–	462,400
Mr. Wong Wai Leung Joseph	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Wong Wai Leung Joseph	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Wong Wai Leung Joseph	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	462,400	–	–	462,400
Mr. Chan Chun Bong Junbon	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Chan Chun Bong Junbon	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Chan Chun Bong Junbon	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	462,400	–	–	462,400
Employees	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	21,093,600	–	(4,906,275)	16,187,325
Employees	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	21,093,600	–	(4,906,275)	16,187,325
Employees	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	21,732,800	–	(5,054,950)	16,677,850
Employees	2023 Option B	22.3.2023	22.3.2024-21.3.2027	HK$0.228	–	4,950,000	–	4,950,000
Employees	2023 Option B	22.3.2023	22.3.2025-21.3.2027	HK$0.228	–	4,950,000	–	4,950,000
Employees	2023 Option B	22.3.2023	22.3.2026-21.3.2027	HK$0.228	–	5,100,000	–	5,100,000
					104,000,000	16,087,500	(14,867,500)	105,220,000
Exercisable at the end of the year								–
Weighted average exercise price								HK$0.2089

Note 1: Mr. Yeung Yun Chuen retired as an executive Director with effect from 30 June 2022. In accordance with the 2014 share option scheme, share options of 7,000,000 granted to him remain effective until the end of the exercise period.

32. DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2023, the Group disposed of its entire interests in Sino Rainbow Development Limited to independent third parties for an aggregate consideration of HK$100.

Net liabilities at the date of disposal were as follows:

	HK$'000
Right-of-use assets	**721**
Trade receivables	**118**
Prepayments, deposits and other receivables	**1,720**
Other payables, accruals and deferred income	**(769)**
Lease liabilities	**(3,975)**
Net liabilities disposed of:	**(2,185)**
Gain on disposal of subsidiaries	**2,185**
Total consideration	**–**
Net cash outflow arising on disposal:	
Total consideration	**–**
Cash and cash equivalents disposed of	**–**
	–

33. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2024 HK$'000	2023 HK$'000
Property, plant and equipment – Contracted but not provided for	**3,768**	5,945

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2022	184,914	451,450	636,364
Financing cash flows	114,865	(279,896)	(165,031)
Non-cash changes			
– Addition	–	174,212	174,212
– Lease modifications and termination	–	(2,501)	(2,501)
– Rent concessions related to COVID-19	–	(5,625)	(5,625)
– Finance charges	9,147	11,682	20,829
– Disposal of subsidiaries	–	(3,975)	(3,975)
– Exchange realignment	–	(4,812)	(4,812)
At 31 March 2023 and 1 April 2023	**308,926**	**340,535**	**649,461**
Financing cash flows	**(40,605)**	**(294,150)**	**(334,755)**
Non-cash changes			
– Addition	**–**	**539,337**	**539,337**
– Lease modifications and termination	**–**	**(8,964)**	**(8,964)**
– Finance charges	**13,032**	**18,904**	**31,936**
– Exchange realignment	**–**	**1,642**	**1,642**
At 31 March 2024	**281,353**	**597,304**	**878,657**

35. RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	2024 HK$'000	2023 HK$'000
Purchase of foods	**2,615**	5,125

These related companies were controlled by the Controlling Shareholders and/or their family members.

As at 31 March 2024, the right-of-use assets related to the restaurants leased from these related companies amounted to HK$205,860,000 (2023: HK$nil) and lease liabilities of HK$208,921,000 (2023: HK$729,000) are due to these related companies of the Group. Depreciation and impairment of right-of-use assets related to these restaurants amounted to HK$51,270,819 (2023: HK$94,703,000) and interest on lease liabilities to these related companies of the Group amounted to HK$3,219,105 (2023: HK$1,683,000) during the year ended 31 March 2024.

The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The directors are of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

(b) Details of the remuneration of directors and other members of key management during the year are set out in note 13.

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK$'000	2023 HK$'000
Current assets		
Due from subsidiaries	**126,001**	127,112
Due from joint venture	**–**	165
Cash and cash equivalents	**691**	860
	126,692	128,137
Current liabilities		
Other payables and accruals	**2,325**	2,325
Due to subsidiaries	**15,499**	11,599
	17,824	13,924
Net assets	**108,868**	114,213
Capital and reserves		
Share capital	**1,300**	1,300
Reserves	**107,568**	112,913
Total equity	**108,868**	114,213

	Share premium HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2022	540,140	1,846	(425,089)	116,897
Total comprehensive loss for the year	–	–	(7,128)	(7,128)
Share-based payments	–	3,144	–	3,144
At 31 March 2023 and 1 April 2023	**540,140**	**4,990**	**(432,217)**	**112,913**
Total comprehensive loss for the year	**–**	**–**	**(3,182)**	**(3,182)**
Share-based payments	**–**	**1,737**	**–**	**1,737**
2023 special dividend (note 14)	**–**	**–**	**(3,900)**	**(3,900)**
At 31 March 2024	**540,140**	**6,727**	**(439,299)**	**107,568**

37. LEASE COMMITMENT

The Group as a lessor

The Group subleases its leased buildings in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

	2024 HK$'000	2023 HK$'000
Within one year	**11,444**	18,678
After one year but within two years	**2,811**	11,444
After two year but within three years	**–**	2,811
	14,255	32,933

38. CONTINGENT LIABILITIES

At the end of each of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	2024 HK$'000	2023 HK$'000
Bank guarantees given in lieu of rental and utility deposits	**19,635**	16,652

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name	Place/country of incorporation/ registration and principal place of operation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Best Food Development Limited	Hong Kong	HK$1	–	100%	Supermarket operation
Central Champion Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Central Crest Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Central Green International Limited	Hong Kong	HK$1	–	100%	Restaurant and food court operation
Central Group (Hong Kong) Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Central King Development Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Central Loyal Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Central Ocean Catering Limited	Hong Kong	HK$300,000	–	100%	Restaurant operation
Central Place Catering Limited	Hong Kong	HK$1	–	100%	Restaurant and food court operation
Central South Catering Limited	Hong Kong	HK$500,000	–	100%	Restaurant operation
Centralink International Development Limited	Hong Kong	HK$1	–	100%	Restaurant operation

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Name	Place/country of incorporation/ registration and principal place of operation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Centro (Asia) Limited	Hong Kong	HK$500,000	–	100%	Restaurant operation
Century High Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Base Development Limited	Hong Kong	HK$10,000	–	100%	Restaurant operation
China Beauty Enterprises Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Easy Investment Limited	Hong Kong	HK$100	–	100%	Restaurant operation
China Elegant Industrial Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Enviro Enterprises Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Excellent International Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Extreme Limited	Hong Kong	HK$1	–	100%	Restaurant and supermarket operation
China Forward Development Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Harvest (Hong Kong) Limited	Hong Kong	HK$1	–	100%	Restaurant and supermarket operation
China Kings Development Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Order Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Professional Asia Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Show Industrial Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Start Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Weal (HK) Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Dragon Rich Food Company Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Food International Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Full King Credit Limited	Hong Kong	HK$100,000	–	100%	Money lender
Fulum Food (International) Limited	Hong Kong	HK$1	–	100%	Sales and distribution of food products
Fulum Management Limited	Hong Kong	HK$1	–	100%	Management
Fulum Shopping Network Company Limited	Hong Kong	HK$38,000	–	100%	Restaurant operation
Glory Food Services Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Gold China Enterprise Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Grander Creation Limited	Hong Kong	HK$2,000,000	–	100%	Food court operation
Korean Catering Concepts Limited	Hong Kong	HK$1	–	100%	Restaurant and supermarket operation
Luck China International Trading Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Mid Well Investments Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Middle East Development Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Needful Catering Concept Limited	Hong Kong		–	100%	Restaurant operation
New Central Hong Kong Development Limited	Hong Kong	HK$100	–	100%	Restaurant operation
New Central Industrial Limited	Hong Kong	HK$80,000	–	100%	Restaurant operation
Park Sun Property Agency Limited	Hong Kong	HK$10,000	–	100%	Restaurant operation
Right Proceed Limited	Hong Kong	HK$1	–	100%	Property holding
Sino Copper Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Sino Emotion Limited	Hong Kong	HK$100	–	100%	Restaurant operation

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Name	Place/country of incorporation/ registration and principal place of operation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Sino Excellence Catering Limited	Hong Kong		–	100%	Restaurant operation
Sino Favour (Hong Kong) Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Sino Forest Limited	Hong Kong	HK$1	–	100%	Owner of trademarks
Sino Mountain Trading Limited	Hong Kong	HK$1	–	100%	Trading of kitchen utensils & other operation items
Sino Rank Limited	Hong Kong	HK$1	–	100%	Processing, sale and distribution of food products
Sino Scene development Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Sino Target Investments Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Sino Well Properties Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Sportful Garden Food International Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Talent Beverage Marketplace Limited	Hong Kong	HK$1	–	100%	Restaurant operation
廣州加盈餐飲管理有限公司*	PRC	HK$23,000,000	–	100%	Restaurant operation
珠海中域富臨餐飲管理有限公司*	PRC	HK$15,000,000	–	100%	Restaurant operation
福建中浩富臨餐飲管理有限公司*	PRC	HK$15,000,000	–	100%	Restaurant operation
中花食品進出口貿易(深圳)有限公司*	PRC	HK$1,000,000	–	100%	Sales and distribution of food products
惠州富臨食品有限公司*	PRC	HK$50,000,000	–	100%	Processing, sale and distribution of food products

* These companies are registered as wholly-foreign-owned enterprises established under PRC law.

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

40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The changes included the reclassification of government subsidies previously classified under other income and gains. The new classification of the accounting items was considered to provide a more appropriate presentation to the consolidated financial statements of the Group.

41. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 June 2024.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements of the Company is set out below.

	Year ended 31 March				
	2024 **HK$'000**	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
RESULTS					
REVENUE	**1,841,212**	1,641,488	1,450,074	1,172,682	1,853,918
Cost of inventories sold	**(505,280)**	(491,469)	(514,641)	(385,932)	(642,780)
	1,335,932	1,150,019	935,433	786,750	1,211,138
Other income and gains, net	**21,778**	82,696	112,050	170,527	36,121
Staff costs	**(637,612)**	(549,327)	(479,727)	(388,778)	(683,798)
Property rentals and related expenses	**(63,751)**	(77,407)	(60,233)	(68,959)	(188,374)
Depreciation of right-of-use assets	**(271,608)**	(230,405)	(229,467)	(265,659)	(245,363)
Depreciation of property, plant and equipment	**(58,203)**	(59,165)	(61,780)	(61,234)	(79,630)
Fuel and utility expenses	**(96,886)**	(84,112)	(87,991)	(85,825)	(121,430)
Other expenses	**(180,732)**	(180,482)	(141,493)	(126,180)	(250,248)
Share of loss in a joint venture	**(4,194)**	(1,000)	(3)	–	–
Reversal of/(losses from) impairment/ write off of non-financial assets	**273**	(7,315)	(14,049)	(52,254)	(241,592)
Losses from impairment/write off of financial assets	**(1,058)**	(719)	(506)	(4,222)	(28,562)
Finance costs	**(31,936)**	(20,829)	(20,669)	(26,071)	(25,344)
PROFIT/(LOSS) BEFORE TAX	**12,003**	21,954	(48,435)	(121,905)	(617,082)
Income tax credit/(expense)	**38,571**	(825)	(734)	(287)	(20,021)
PROFIT/(LOSS) FOR THE YEAR	**50,574**	21,129	(49,169)	(122,192)	(637,103)
Attributable to:					
Owners of the Company	**50,584**	21,138	(49,169)	(122,192)	(637,476)
Non-controlling interests	**(10)**	(9)	–	–	373
	50,574	21,129	(49,169)	(122,192)	(637,103)

ASSETS AND LIABILITIES

	As at 31 March				
	2024 **HK$'000**	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
TOTAL ASSETS	**1,274,465**	991,230	995,949	1,206,087	1,011,357
TOTAL LIABILITIES	**1,081,052**	845,949	874,262	1,037,995	724,463
NON-CONTROLLING INTERESTS	**(2,580)**	(2,570)	–	–	–
TOTAL EQUITY	**193,413**	145,281	121,687	168,092	286,894

Fulum Group Holdings Limited
富臨集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
Stock Code 股份代號：1443

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