Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8510

ANNUAL REPORT

2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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CORPORATE INFORMATION

REGISTERED OFFICE

4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Prosperity Tower
39 Queen's Road Central
Hong Kong

COMPANY'S WEBSITE

topstandard.com.hk

COMPANY SECRETARY

Mr. Chu Pui Ki, Dickson
(Member of the Hong Kong Institute of Certified Public Accountants)

COMPLIANCE OFFICER

Mr. Chuk Stanley

AUTHORISED REPRESENTATIVES

(for the purpose of the GEM Listing Rules)
Mr. Chuk Stanley
Mr. Chu Pui Ki, Dickson

AUDITOR

D & PARTNERS CPA LIMITED
(Certified Public Accountant)
2201, 22nd Floor, West Exchange Tower
322 Des Voeux Road Central
Sheung Wan
Hong Kong

EXECUTIVE DIRECTORS

Mr. Chuk Stanley *(Chairman and Chief Executive Officer)*
Mr. Ying Kan Man
Mr. Wong Ching Wan
Mr. Tang Chiu Ming, Jeremy
Mr. Yip Ki Chi, Luke

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Ching Wan
Mr. Tang Chiu Ming, Jeremy
Mr. Yip Ki Chi, Luke

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Wong Ching Wan *(Chairman)*
Mr. Tang Chiu Ming, Jeremy
Mr. Yip Ki Chi, Luke

REMUNERATION COMMITTEE

Mr. Tang Chiu Ming, Jeremy *(Chairman)*
Mr. Chuk Stanley
Mr. Wong Ching Wan
Mr. Yip Ki Chi, Luke

NOMINATION COMMITTEE

Mr. Chuk Stanley *(Chairman)*
Mr. Wong Ching Wan
Mr. Tang Chiu Ming, Jeremy
Mr. Yip Ki Chi, Luke

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Central, Hong Kong

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "**Board**"), I am pleased to announce the Group's annual results for the year ended 31 December 2021.

FINANCIAL RESULTS

For the year ended 31 December 2021, the total revenue of the Group was approximately HK$6.6 million. The operation of the Group was significantly affected by the continuous impact driven by the outbreak of the novel coronavirus ("**COVID-19**") since throughout the year 2020 and 2021.

The total comprehensive expenses for the year ended 31 December 2021 was approximately HK$3.1 million (For the nine months ended 31 December 2020: Total comprehensively expense of approximately HK$14.2 million). The change from profit to loss position was mainly attributable to the gain on disposal of discontinued operations in mid of 2020.

BUSINESS REVIEW AND PROSPECTS

The catering industry in Hong Kong is facing a tough challenge amidst the continuous weakened market sentiment outbreak of COVID-19 in 2020 and 2021. The management expects that the overall economic environment in Hong Kong in near term would still be unstable and would be challenging to the Group.

During the year ended 31 December 2021, the Group has acquired a new bar and established an online sales platform for the sales of food and beverage products. This is a remarkable step for the Group to exercise its strategies to explore other new business possibilities in order to maintain its market position and diversify and stabilize its source of income. The Group will continue to take actions to control costs and exploring new business opportunities within Hong Kong and overseas to maintain our profitability and competitiveness in the market.

APPRECIATION

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, business partners, and shareholders for their persistent support, while also expressing my appreciation to the management team and employees for their valuable contribution to the development of the Group.

Chuk Stanley
Chairman

Hong Kong, 31 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong based restaurant group that offers Sichuanese and Cantonese under the "San Xi Lou（三希樓）" brand (which was discontinued in the third quarter of 2021), and operates a bar under the brand name "The Code" and online sales of wines. The Group's revenue for the year ended 31 December 2021 was primarily derived from catering income through its restaurant and bar. After the disposal of four restaurants under the "Pure Veggie House", "Man Jiang Hong" and "Ronin" brands in June and July 2020, the Group can focus its available financial resources on the development of its other existing restaurant and businesses.

For the year ended 31 December 2021, the Group recorded an increase in revenue of approximately HK$6.6 million as compared to HK$Nil for the nine months ended 31 December 2020 for continuing operations. Such increase was mainly due to the reallocation of the comparative figures from restaurants discontinued.

On 13 February 2018 (the "**Listing Date**"), the Shares were successfully listed on GEM by way of Share Offer. After deducting all the relevant commissions and expenses borne by the Company, there were approximately HK$42.3 million of net proceeds from the Share Offer. The Group has fully utilised net proceeds in accordance with the business strategies as set out in the Company's prospectus (the "**Prospectus**") dated 31 January 2018 and our announcement regarding the change of use of proceeds dated 9 October 2018.

FINANCIAL REVIEW

Revenue

For continuing operations, the Group's revenue increased to approximately HK$6.6 million for the year ended 31 December 2021 from approximately HK$Nil for the nine months ended 31 December 2020. Such increase was mainly due to the reallocation of the comparative figures from restaurants discontinued.

Raw materials and consumables used

For continuing operations, the raw materials and consumables increased to approximately HK$1.2 million for the year ended 31 December 2021 from approximately HK$Nil for the nine months ended 31 December 2020. Such increase was mainly due to the reallocation of the comparative figures from restaurants discontinued. The raw materials and consumables were incurred for the operation of the new bar acquired in June 2021.

Staff costs

For continuing operations, the Group's staff costs were approximately HK$3.4 million for the year ended 31 December 2021. The amount for the nine months ended 31 December 2020 was approximately HK$190,000 because the comparative figures from discontinued restaurants were reallocated. The staff costs remained was the staff costs paid to the staff of the new bar.

Depreciation

For continuing operations, during the year ended 31 December 2021, the Group incurred depreciation of approximately HK$475,000 which was incurred from the property, plant and equipment and right-of-use assets of the new bar. There was no depreciation for the nine months ended 31 December 2020 was primarily due to the right-of-use assets and property and equipment were fully impaired during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Impairment loss

The Group estimated that certain restaurants with impairment indicators would not generate a net cash inflow in the future and therefore an impairment loss of approximately HK$141,000 and HK$6.5 million has been fully recognised against the carrying amount of property and equipment and right-of-use assets respectively during the year ended 31 December 2021 (Nine months ended 31 December 2020: nil and nil respectively for continuing operations).

Rental and related expenses

For continuing operations, rental and related expenses was approximately HK$1.0 million for the year ended 31 December 2021. Such amount of rental and related expenses was duly from the rental and related expenses of the new bar. No such expenses was incurred during the nine months ended 31 December 2020 because the expenses incurred from the discontinued restaurants were reallocated.

Utilities expenses

For continuing operations, utilities expenses increased by approximately HK$87,000 for the year ended 31 December 2021 due to the new segments. Amount of last year from the discontinued restaurants were reallocated.

Finance costs

For continuing operations, finance costs decreased from approximately HK$562,000 for the nine months ended 31 December 2020 to approximately HK$94,000 for the year ended 31 December 2021. Such change in the Group's finance costs was mainly due to the bonds payable was repaid fully during the nine months ended 31 December 2020.

(Loss)/profit and total comprehensive (expense)/income

The loss and total comprehensive expense for the year ended 31 December 2021 were approximately HK$3.1 million and HK$3.1 million respectively. (Nine months ended 31 December 2020: profit and total comprehensive income of approximately HK$14.3 million and HK$14.2 million respectively). The change from profit to loss position was mainly attributable to the combination of the factors discussed above and the negative impact imposed on the Group's operations from the preventive measures implemented by the Hong Kong government towards the COVID-19 pandemic throughout the year 2021.

Basic (loss)/earnings per share

In relation to continuing and discontinued operations, the Group has basic loss per share of approximately 0.25 HK cents for the year ended 31 December 2021 and basic earnings per share of approximately 1.53 HK cents for the nine months ended 31 December 2020. Such change was in line with the change from profit and total comprehensive income for the nine months ended 31 December 2020 to loss and total comprehensive expense for the year ended 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group had total assets of approximately HK$16.7 million (31 December 2020: approximately HK$12.7 million), which is financed by total liabilities and shareholders' deficit (comprising share capital and reserves) of approximately HK$23.7 million (31 December 2020: approximately HK$29.2 million) and approximately HK$6.9 million (31 December 2020: approximately HK$16.5 million), respectively. The current ratio of the Group as at 31 December 2021 was approximately 0.8 times (31 December 2020: approximately 0.4 times).

As at 31 December 2021, the Group had bank balances and cash of approximately HK$3.0 million (31 December 2020: approximately HK$9.0 million). The total interest-bearing loan of the Group as at 31 December 2021 was approximately HK$50,000 (31 December 2020: approximately HK$12,000). The gearing ratio (calculated based on interest bearing loan and the lease liabilities divided by total equity) of the Group as at 31 December 2021 was zero (31 December 2020: zero) due to negative owners equity.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with majority of the transactions being settled in Hong Kong dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The transactions and monetary assets denominated in foreign currencies are minimal for the year ended 31 December 2021 and the nine months ended 31 December 2020, the Group considers there were no significant foreign exchange risks in respect of foreign currencies for both year/period.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM on the Listing Date. The share capital of the Group comprises only ordinary shares.

An aggregate of 230,400,000 subscription shares, with a total nominal value of HK$2,304,000, have been successfully subscribed on 15 October 2021 at the subscription price of HK$0.056 per subscription share pursuant to the terms and conditions of the subscription agreement dated 21 September 2021. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the subscription agreement was HK$0.069. The reason for the subscription of shares was that it provided an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group's financial position and providing working capital to the Group to improve the Group's cash flow status and relieve its liabilities burden. The gross proceeds and net proceeds from the subscription amounted to approximately HK$12.9 million and HK$12.6 million respectively and the net issue price was approximately HK$0.055 per subscription share. The net proceeds were intended as general working capital of the Group. For details of the subscription of shares, please refer to the announcements of the Company dated 21 September 2021, 24 September 2021 and 15 October 2021.

As at 31 December 2021, the Company's issued share capital was HK$13,824,000 divided into 1,382,400,000 Shares of HK$0.01 each.

BORROWINGS

As at 31 December 2021, the Group has interest-bearing borrowings amounting to approximately HK$50,000 (31 December 2020: approximately HK$12,000). Bank overdrafts carry interest at market rates at 11.50% per annum as at 31 December 2021 (31 December 2020: 15.07%). The other bank borrowing carries interest at market rate. The effective interest rate on the Group's other bank borrowing was 6.25% per annum as at 31 December 2021. No financial instrument was being used for interest rate hedging purpose.

As at 31 December 2021, the Group had amounts due to related parties of approximately HK$99,000 (31 December 2020: nil) and amount due to non-controlling interest of approximately HK$40,000 (31 December 2020: nil).

Save as disclosed in this report, the Group did not have other bank borrowings as at 31 December 2021 (31 December 2020: nil).

PLEDGE OF ASSETS

As at 31 December 2021 and 31 December 2020, the Group did not have any pledge of assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

On 7 June 2021, a direct wholly-owned subsidiary of the Company (the "**Purchaser**") and Mr. Wong Kwong Sum (the "**Vendor**"), a third party independent of the Company and its connected persons, entered into a sale and purchase agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, 90% equity interests of Code Entertainment Limited (the "**Target Company**") at a consideration of HK$130,000. The Target Company is a company incorporated in Hong Kong with limited liability and operates a bar under the brand name "The Code" in Hong Kong. On 12 August 2021, the Purchaser acquired the remaining 10% equity interest in the Target Company from the Vendor for a consideration of HK$15,000 and the Target Company became an indirect wholly-owned subsidiary of the Company since then. For details of the acquisition of the Target Company, please refer to the announcements of the Company dated 7 June 2021, 8 June 2021, 11 June 2021, 11 August 2021 and 12 August 2021.

Save as disclosed in this report, the Group did not have any material acquisition nor disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2021.

CONTINGENT LIABILITIES

The Group has been served a number of litigations and claims by various parties. These claims and litigations are in relation to arrears rent and salaries of the Group and has been recognised in the other payables and accrual and salaries payables. Additional interest and penalty might be incurred due to the delay in settlement of such payables and the Group has several litigations related to arrears salaries and rent. The Group had obtained legal advice, and considers no additional interest and penalty is required apart from the amounts stated in the other payables and accruals, salaries payables and provisions. Details of the litigation and claims could be referred to Notes 40 and 42 to the consolidated financial statements

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 31 December 2021 and 31 December 2020, the Group did not have any significant capital commitments.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2021.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP AND PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this report, the Group did not hold any significant investments as at 31 December 2021 and 31 December 2020 or have other plans for material investments and capital assets as at the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. During the year ended 31 December 2021, the Group's revenue was mainly generated in Hong Kong. If Hong Kong experience any adverse economic condition due to events beyond our control, such as natural disasters, contagious disease outbreaks, terrorist attacks, a local economic downturn, mass civil disobedience movements or if the local authorities place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected.

2. Rental expenses, cost of raw materials and consumables and staff cost contributed the majority of the Group's operating cost. The following factors are uncertain and may affect the cost control measures of the Group:

   (i) The Group's business depends on reliable suppliers of large quantities of food ingredients such as seafood, vegetables and meat. The price of food ingredients may continue to rise or fluctuate.

   (ii) As at 31 December 2021, the Group leased all the properties for its restaurants operating in Hong Kong. Therefore, the Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

The Group would also be affected by interest rate risk, credit risk, currency risk and liquidity risk. The financial risk management policies and practices of the Group are stated in note 34 to the consolidated financial statements in this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

The catering industry in Hong Kong is facing a tough challenge amidst the continuous weakened market sentiment outbreak of COVID-19 in 2021. The management expects that the overall economic environment in Hong Kong in near term would still be unstable and would be challenging to the Group.

The management has put much efforts on tightening the control over the procurement of the raw materials and other costs incurred in our operations. The effectiveness of the measures has been reflected in the decreasing trend over various costs. The management also actively negotiates with the suppliers, landlords and other business partners to sort out feasible measures to overcome this tough time.

On the other hand, the Group has established a new online sales platform for the sales of food and beverage products. The Group will continuously explore other new business possibilities in order to maintain its market position and diversify and stabilize its source of income.

Whilst the Group has taken our first step by acquiring a new bar in June 2021, the Group will continue to explore new and stable business opportunities and monitor our costs to maintain our profitability and competitiveness in the market.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chuk Stanley (formerly known as Mr. Chuk Stanley Cah Fai), aged 43, is the chairman of the Board, an executive Director and the chief executive officer of the Group. He was appointed as a Director on 11 February 2016. He was re-designated as the executive Director and appointed as the chief executive officer of the Company and the chairman of the Board on 21 August 2017. He joined the Group as a director of Great Planner Limited, one of the operating subsidiaries of the Group, on 15 February 2008. He is primarily responsible for overseeing and planning of our business strategies and responsible for the overall management of the Group. He is the chairman of nomination committee and a member of remuneration committee.

Mr. Chuk Stanley has over ten years of experience in the restaurant and catering business in Hong Kong. Prior to joining the Group, he worked as a building manager at Chuk's Development Company Limited from January 2000 to June 2004 in Canada. From June 2005 to July 2006, Mr. Chuk Stanley served as a property manager at Hing Fai Development (H.K.) Company Limited in Hong Kong.

Mr. Chuk Stanley graduated from Langara College in Vancouver, Canada with an associate of arts degree in May 2002.

Mr. Ying Kan Man, aged 47, holds a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. He has more than 10 years of working experience in the green building solution industry. He served as executive director from 27 April 2004 to 1 December 2011 of RCG Holdings Limited (now known as China e-Wallet Payment Group Limited (stock code: 802)), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). He was the chief operating officer and executive director of Global Solution Engineering Limited from 30 August 2008 to 12 January 2010, (now known as Global Token Limited (stock code: 8192)), a company listed on the GEM of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Ching Wan, aged 54, was appointed as an independent non-executive Director on 24 January 2020. He is primarily responsible for supervising the Group's compliance and corporate governance matters and providing independent advice to the Board.

Mr. Wong has almost thirty years of experience in audit, internal control, financial control and capital markets. He has held various positions in different companies in China, U.S. and Hong Kong including senior position in multinational companies. He joined China Finance Investment Holdings Limited (stock code: 875) since November 2018 as the compliance officer. Mr. Wong also holds the position of non-independent CEO of One Belt One Network (HK) Limited and Universe Asia Develop Limited. From September 2017 to August 2018, Mr. Wong was the chief financial officer of O Media Limited, one of Macau's largest media companies in gaming. From May 2015 to June 2018, he was an independent non-executive director, the chairman of the audit committee and remuneration committee, and a member of nomination committee of Huge China Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 428); and since March 2016, he has been an independent non-executive director, chairman of audit committee, chairman of remuneration committee and a member of nomination committee of On Real International Holdings Limited (stock code: 8245), a company listed on the GEM of Stock Exchange.

Previously, Mr. Wong was an independent non-executive director of Grand Field Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 115) between December 2008 to January 2009; the authorised representative and company secretary of China Oil Gangran Energy Group Holdings Limited, a company listed on the GEM of Stock Exchange (stock code: 8132) from December 2015 to November 2016 and continued acting as the authorised representative until January 2017; and a director of Network CN, Inc. (stock code: NWCN) in U.S.A. between September 2015 and July 2017. From August 2016 to July 2017, he was the financial controller for Anucell Technology Holding Limited.

Mr. Wong obtained a Bachelor of Business and Administration from the Chinese University of Hong Kong in May 1989 and a Bachelor of Commerce from The University of Southern Queensland in April 1992. He attended the Professional Master of Business Administration course offered by the Troy University (formerly known as Troy State University), U.S. in 2000. Mr. Wong is a member of CPA Australia since October 1997, Chartered Professional Accountants of Canada since January 1999, the Hong Kong Institute of Certified Public Accountants since March 1999 and fellow member of The Taxation Institute of Hong Kong since October 2012.

Mr. Tang Chiu Ming, Jeremy, aged 48, has involved in the accounting and finance industry for more than 20 years, having started his career at an international accounting firm as an auditor. Thereafter, he shifted into the commercial sector and worked for some multi-national companies as a regional accountant. In October 1999, he joined a sizeable securities company as a research analyst to develop his career in the finance industry. From September 2000 to September 2006, he focused more on the retail sales and dealing of securities and subsequently worked as a sales and marketing manager. Since September 2006 he has commenced a role as an associate director in China based securities companies, engaging in the duties of institutional sales relating to the dealing of securities for institutional clients, share placement, and underwriting of shares for new initial public offering.

Mr. Tang graduated with a bachelor of science in Economic and Accounting from Bristol University in United Kingdom in June 1995. He has been a member and a fellow member of the Association of Chartered Certified Accountant since September 1999 and November 2004 respectively, and has also been a member of the Hong Kong Institute of Certified Public Accountants since February 2002.

Mr. Yip Ki Chi, Luke, aged 56, is mainly responsible for supervising and providing independent judgment to our Board. He was admitted as a solicitor of the High Court of Hong Kong in April 1994 and is currently a practising solicitor in Hong Kong with over 20 years of post-qualification experience in the legal profession. From May 1992 to September 1996, he worked at Messrs. P. C. Woo & Co. as a trainee solicitor and subsequently a solicitor. He then joined Messrs. Siao, Wen & Leung in October 1996 as a solicitor. From March 1997 to September 1999, Mr. Yip was a partner and subsequently a consultant at Messrs. Wong & Yip. He has been a partner of Messrs. Cheung & Yip since February 1999. Mr. Yip has been a Notary Public and Civil Celebrant in Hong Kong since 2006. He has been a China Appointed Attesting Officer since December 2015. Mr. Yip is an independent non-executive director of Indigo Star Holdings Limited listed on the GEM of Stock Exchange (stock code: 08373) since 24 October 2017.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

For detailed biographies of **Mr. Chuk Stanley**, please see "Executive Directors" above in this section.

Mr. Chu Pui Ki, Dickson, aged 37, was appointed as the company secretary of the Company on 22 June 2017 and the financial controller of the Group with effect from 21 August 2017. Mr. Chu is primarily responsible for overseeing the company secretarial affairs and the financial matters of the Group.

Mr. Chu has over 10 years of relevant experience in accounting and auditing and has experience in tax, internal control matters and holding the positions of company secretary and authorised representative in other companies listed on the Stock Exchange. Mr. Chu is currently also serving as the company secretary of Tungtex (Holdings) Company Limited (stock code 0518), SG Group Holdings Limited (stock code 01657), Golden Ponder Holdings Limited (stock code: 1783), Cornerstone Technologies Holdings Limited (stock code 08391) and K Group Holdings Limited (stock code 08475).

Mr. Chu graduated from the Hong Kong Baptist University in Hong Kong with a bachelor's degree of business administration in accounting in November 2006 and he has been a member of Hong Kong Institute of Certified Public Accountants since February 2011.

REPORT OF DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in the operation of full-service restaurants under our self-owned brands in Hong Kong. Analysis of the principal activities of the Group during the year ended 31 December 2021 is set out in the note 39 to the consolidated financial statements.

BUSINESS REVIEW

Details of business review are set out in the section headed "Management Discussion and Analysis" on page 5 of this annual report. An analysis using financial key performance indicators can be found in the section headed "Management Discussion and Analysis" on pages 5 to 10 of this annual report.

SEGMENT INFORMATION

The Group previously has one operating and reportable segment, which includes a Sichuanese and Cantonese cuisine restaurant operation located in Causeway Bay under the brand of "San Xi Lou" ("**San Xi Lou CWB**"). During the year ended 31 December 2021, the Group's operating and reportable segment has the following changes to reflect the chief operating decision maker's current reviewing procedures:

(a) An addition of a new operating and reportable segment from the acquisition of a bar during the year ended 31 December 2021 under the brand of "The Code" ("**Code**");

(b) An addition of a new operating and reportable segment from the setting up of an online sales platform of wine during the year ended 31 December 2021 under the brand of "MOW" ("**MOW**");

(c) San Xi Lou CWB was discontinued.

At the end of the reporting period, the Group has two operating and reportable segments: Code and MOW.

Details of segment information are set out in note 6 to the financial statement.

RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 46 of this annual report.

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (nine months ended 31 December 2020: nil).

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 122 of this annual report. This summary does not form part of the audited consolidated financial statements.

USE OF NET PROCEEDS FROM PLACING AND SUBSCRIPTION OF SHARES

The aggregate net proceeds from the placing completed on 4 September 2020, subscription completed on 10 November 2020 and the subscription completed on 15 October 2021 were approximately HK$44.2 million. Set out below is a breakdown of the planned use of the net proceeds and the unused amount thereof up to 31 December 2021:

	Intended use of net proceeds	Proceeds utilized during the six months ended 31 December 2020	Proceeds utilized during the six months ended 30 June 2021	Proceeds utilized during the six months ended 31 December 2021	Unutilized net proceeds as at 31 December 2021	Expected time of full utilisation of the remaining balance
Repayment of bond and finance costs payables	11,196	11,196	–	–	–	N/A
Repayment of bank loan and other payables	4,278	4,278	–	–	–	N/A
Acquisition/setting up of new restaurants	11,000	–	955	109	9,936	End of 2022
General working capital	17,717	7,349	3,085	3,300	3,983	End of 2022
	44,191	22,823	4,040	3,409	13,919	

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

Due to the nature of our business, the majority of our customers consist of retail customers from the general public. As such, the Directors consider that it is not practicable to identify the five largest customers of the Group for year ended 31 December 2021 and we did not rely on any single customer during the year. For instance, none of our customers accounted for 5% or more of our revenue for the year ended 31 December 2021.

Major Suppliers

For the year ended 31 December 2021, the Group's five largest suppliers accounted for approximately 98.8% (nine months ended 31 December 2020: approximately 47.4%) of the Group's total purchases and our single largest supplier accounted for approximately 59.7% (nine months ended 31 December 2020: approximately 16.3%) of the Group's total purchases.

During the year ended 31 December 2021, none of the Directors or any of their close associates or any shareholders of the Company (the "**Shareholders**") (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in any of the Group's five largest suppliers.

REPORT OF DIRECTORS

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Company and the Group during the year ended 31 December 2021 are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2021 are set out in note 29 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2021 are set out in note 38 to the consolidated financial statements and the consolidated statement of changes in equity on page 50 of this annual report respectively.

DISTRIBUTABLE RESERVES

No distributable reserves was available for distribution as at 31 December 2020 and 2021.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2021 are set out in note 26 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 December 2021 and up to the date of this annual report are:

Executive Directors

Mr. Chuk Stanley *(Chairman and Chief Executive Officer)*
Mr. Ying Kan Man

Independent Non-executive Directors

Mr. Wong Ching Wan
Mr. Tang Chiu Ming, Jeremy
Mr. Yip Ki Chi, Luke

REPORT OF DIRECTORS

In accordance with article 109 of the articles of association of the Company (the "**Articles of Association**"), one-third of the Directors shall retire from office by rotation and be eligible for re-election at each annual general meeting provided that every Director shall retire at least once every three years.

In accordance with article 113 of the Articles of Association, any Director appointed to fill a casual vacancy by the Board shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting, or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Accordingly, Mr. Chuk Stanley and Mr. Wong Ching Wan shall retire at the forthcoming annual general meeting (the "**AGM**"). All of the above retiring Directors, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 11 to 13 of this annual report.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Upon specific enquiry by the Company, save as disclosed in the section headed "Directors and Senior Management" in this annual report, there was no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the year ended 31 December 2021 and remain so as at the date of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the year ended 31 December 2021 and remain so as at the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has signed a service contract with the Company for a term of three years commencing from the Listing Date or the date of appointment for whom appointed subsequent to the Listing Date, and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other party not less than three months' prior notice in writing.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years commencing from the Listing Date or the date of appointment for whom appointed subsequent to the Listing Date, which may be renewable subject to both parties' agreement.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

REPORT OF DIRECTORS

TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as those interests set out in note 35 to the consolidated financial statements, (i) no other Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party, (ii) there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries, and (iii) there was no contract of significance between the Company or one of its subsidiaries and a controlling shareholder or any of its subsidiaries, during the nine months ended 31 December 2020 and up to the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended and up to the date of this annual report.

EMPLOYEES AND REMUNERATION POLICY

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

As at 31 December 2021, the total number of full time and casual or part time employees of the Group was 20 (31 December 2020: 51). Total staff costs (including Directors' emoluments) were approximately HK$3.4 million for the year ended 31 December 2021 (nine months ended 31 December 2020: approximately HK$9.1 million). Details of the emoluments of the Directors, and five highest paid individuals during the year ended 31 December 2021 are set out in note 9 to the consolidated financial statements.

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

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

The Group has also adopted other employee benefit including a provident fund scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, 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 any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which have 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 which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

(i) Interests and short positions in the Shares, underlying shares and debentures of the Company

Name	Capacity/Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in the Company (%)
Mr. Chuk Stanley ("**Mr. Stanley Chuk**")	Interest in controlled corporation (Note 1)	461,888,000	Short	33.41%

Notes:

(1) 461,888,000 Shares were held by JSS Group Corporation ("**JSS Group**"), which is wholly owned by Mr. Stanley Chuk. As such, Mr. Stanley Chuk was deemed to be interested in all the shares held by JSS Group pursuant to Part XV of the SFO.

(ii) Interests and short positions in the shares, underlying shares and debentures of associated corporations

Name	Name of Associated Corporation	Capacity/Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in Associated Corporation (%)
Mr. Stanley Chuk	JSS Group	Beneficial owner	1,000	Short	100%

Save as disclosed above, as at 31 December 2021, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year ended 31 December 2021 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL AND OTHER SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in the Company (%)
Lazarus Securities Pty Ltd	Beneficial owner	461,888,000	Long	33.41%
JSS Group	Beneficial owner	461,888,000	Short	33.41%
Axis Motion Limited	Beneficial owner	230,400,000	Long	16.67%
Focus Dynamics Group Berhad	Beneficial owner	192,000,000	Long	13.89%

Save as disclosed above, as at 31 December 2021, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

EQUITY-LINKED AGREEMENTS

No equity-linked agreement that would or might result in the Company issuing shares, or that requiring the Company to enter into an agreement that would or might result in the Company issuing shares, was entered into by the Company during the year ended 31 December 2021 or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands that would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2021, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) had engaged in or had any interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

DONATIONS

During the year ended 31 December 2021 and the nine months ended 31 December 2020, the Group did not make any charitable and other donations.

SIGNIFICANT LEGAL PROCEEDINGS

During the year ended 31 December 2021, the Company was engaged in certain litigation or arbitration of material importance. The details of the litigation could be referred to note 42 to the consolidated financial statements.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to providing an environmental friendly culture and atmosphere within the Group. The Group has undertaken environmental protection measures such as (i) reduction of use of papers; (ii) minimisation of electricity consumption outside business hours; and (iii) recycling of waste cooking oil. As a responsible corporation, to the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection during the year ended 31 December 2021. A separate environmental, social and governance report is expected to be published on the website of the Stock Exchange and the Company no later than three months after the publication of this report.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

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

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and has been in force throughout the nine months ended 31 December 2020. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against the Directors.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2021, certain events has taken place and the details of the events could be referred to note 41 to the consolidated financial statements.

Save as disclosed in this annual report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this report.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the Company (the "**Audit and Risk Management Committee**") had, together with the management and external auditor of the Company (the "**Auditor**"), reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 December 2021.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 24 to 42 of this annual report.

The compliance officer and company secretary of the Company are Mr. Chuk Stanley and Mr. Chu Pui Ki, Dickson, respectively. Their biographical details are set out on pages 11 and 13 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the GEM Listing Rules, was held by the public at all times during the year ended 31 December 2021 and as at the date of this annual report.

REPORT OF DIRECTORS

AUDITOR

The financial statements for the year ended 31 December 2021 have been audited by D & PARTNERS CPA LIMITED. D & PARTNERS CPA LIMITED will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint D & PARTNERS CPA LIMITED as the auditor of the Company will be proposed at the forthcoming annual general meeting.

PUBLICATION OF INFORMATION ON WEBSITES

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

On behalf of the Board

Chuk Stanley
Chairman and Executive Director

Hong Kong, 31 March 2022

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under the CG Code throughout the nine months ended 31 December 2020 save for code provision A.2.1. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

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

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

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

Board Composition

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

Executive Directors:
Mr. Chuk Stanley *(Chairman and Chief Executive Officer)*
Mr. Ying Kan Man

Independent Non-executive Directors:
Mr. Wong Ching Wan
Mr. Tang Chiu Ming, Jeremy
Mr. Yip Ki Chi, Luke

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

During the year ended 31 December 2021, the Board has met at all times the requirements under Rules 5.05(1) and 5.05(2) of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

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

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee.

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

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under relevant statues, laws, rules and regulations. The Company also provides regular updates on latest development and changes in the GEM Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company will continue to arrange training to the Directors in accordance with code provision A.6.5 of the CG Code.

According to the information provided by the Directors, a summary of training received by the Directors during the year ended 31 December 2021 is as follows:

Name of Directors	Nature of Continuous Professional Development Programmes (Notes)
Executive Directors	
Mr. Chuk Stanley *(Chairman and Chief Executive Officer)*	A and B
Mr. Ying Kan Man	A and B
Independent Non-executive Directors	
Mr. Wong Ching Wan	A and B
Mr. Tang Chiu Ming, Jeremy	A and B
Mr. Yip Ki Chi, Luke	A and B

Notes:

A: Attending training courses and/or seminars and/or meetings and/or forums and/or briefings

B: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

Mr. Stanley Chuk is the chairman and the chief executive officer of the Company. In view of Mr. Stanley Chuk being a founder of the Group and has been operating the main operating subsidiaries of the Company, the Board believes that it is in the best interest of the Group to have Mr. Stanley Chuk taking up both roles for effective operational management and strategic business development. Further, the Board believes that both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Stanley Chuk is the most suitable person to occupy both positions for the Group and facilitating the implementation and execution of the Group's business strategy as disclosed in the Prospectus. Therefore, the Directors consider that the deviation from code provision A.2.1 of the CG Code is appropriate, and Mr. Stanley Chuk being the chairman and the chief executive officer can preserve and enhance the philosophies of the Group, preserve the leadership direction of the Group, and allow an efficient discharge of the executive functions of the chief executive as the decision maker. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises individuals with diverse professional backgrounds and experiences including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

Appointment and Re-election of Directors

Each of the executive Directors has signed a service contract with the Company for a term of three years commencing from the Listing Date or the date of appointment for whom appointed subsequent to the Listing Date and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other party not less than three months' prior notice in writing.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years commencing from the Listing Date or the date of appointment for whom appointed subsequent to the Listing Date, which may be renewable subject to both parties' agreement.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board or Board Committees prior to the meeting. Minutes of meetings are kept by the company secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2021, details of the attendance of the Board meetings, Audit and Risk Management Committee meetings, Remuneration Committee meetings, Nomination Committee meetings, and general meeting of the Company held are summarised as follows:

	Board meeting	Audit and Risk Management Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting
EXECUTIVE DIRECTORS					
Mr. Chuk Stanley	7/7	N/A	1/1	1/1	1/1
Mr. Ying Kan Man	7/7	N/A	N/A	N/A	1/1
INDEPENDENT NON-EXECUTIVE DIRECTORS					
Mr. Wong Ching Wan	7/7	5/5	1/1	1/1	1/1
Mr. Tang Chiu Ming, Jeremy	7/7	5/5	1/1	1/1	1/1
Mr. Yip Ki Chi, Luke	7/7	5/5	1/1	1/1	1/1

Required Standard of Dealings for Securities Transactions

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings during the year ended 31 December 2021.

The Company has also adopted its own code of conduct regarding employees' securities transactions with reference to the required standard of dealings for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Group's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the Group.

Corporate Governance Function

The Board recognises that corporate governance should be the collective responsibility of the Directors, which includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on such matters;

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

BOARD COMMITTEES

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three members, namely Mr. Wong Ching Wan (chairman), Mr. Tang Chiu Ming, Jeremy and Mr. Yip Ki Chi, Luke, all of them are independent non-executive Directors.

The principal duties of the Audit and Risk Management Committee include the following:

1. to monitor the compliance with the laws and regulations that are applicable to the operations of the Group;

2. to review the report and findings submitted by the internal control consultant to ensure the effectiveness of our regulatory compliance procedures and system;

3. to review and monitor the financial reporting process, the risk management procedures as well as internal control system;

4. to review financial information; and

5. to consider issues relating to the external auditors and their appointment.

The written terms of reference of the Audit and Risk Management Committee are available on the websites of the Stock Exchange and the Company.

For the year ended 31 December 2021, there were five meetings held by the Audit and Risk Management Committee to (i) review with external auditors the external audit findings, the accounting principles and practices adopted by the Group, and the Listing Rules and statutory compliance; (ii) discuss auditing and financial reporting matters, including the review of the audited financial statements for the nine months ended 31 December 2020 and the unaudited financial statements for the three months ended 31 March 2021, for the six months ended 30 June 2021 and for the nine months ended 30 September 2021, with recommendations to the Board for approval; (iii) review the independence of the auditors; (iv) review and make recommendations to the Board on the auditors' re-appointment and remuneration; (v) review the Group's risk management and internal control systems; and (vi) review and make recommendations on the change of financial year end date. All members of the Audit and Risk Management Committee attended the said meetings. Subsequent to 31 December 2021 and up to the date of this annual report, a meeting of the Audit and Risk Management Committee was held in which the Audit and Risk Management Committee, among other things, reviewed and considered the consolidated financial statements of the Group for the year ended 31 December 2021 and recommended the re-appointment of the auditor. Details of the attendance of the Audit and Risk Management Committee meetings are set out above.

The Company will comply with the CG Code to hold at least four meetings of the Audit and Risk Management Committee annually for the year ending 31 December 2022 onwards.

Nomination Committee

The Nomination Committee currently comprises four members, namely Mr. Chuk Stanley (executive Director), Mr. Wong Ching Wan (independent non-executive Director), Mr. Tang Chiu Ming, Jeremy (independent non-executive Director) and Mr. Yip Ki Chi, Luke (independent non-executive Director). Mr. Chuk Stanley is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to assess the independence of independent non-executive Directors; and

4. to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairman of the Board and the executive director.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

For the year ended 31 December 2021, there was one meeting held by the Nomination Committee to (i) review the structure, size, composition and diversity of the Board; (ii) assess the independence of independent non-executive directors with reference to the requirements under the Listing Rules; and (iii) nominate the retiring directors for re-election at the annual general meeting held on 23 June 2021. Subsequent to 31 December 2021 and up to the date of this annual report, one meeting of the Nomination Committee was held in which the Nomination Committee, among other things, (i) reviewed and considered that the structure, size and composition of the Board are appropriate, (ii) assessed the independence of independent non-executive Directors, and (iii) recommended the re-elections of Directors at the annual general meeting to be held. Details of the attendance of the Nomination Committee meetings are set out above.

Remuneration Committee

The Remuneration Committee comprises four members, namely Mr. Chuk Stanley (executive Director), Mr. Wong Ching Wan (independent non-executive Director), Mr. Tang Chiu Ming, Jeremy (independent non-executive Director) and Mr. Yip Ki Chi, Luke (independent non-executive Director). Mr. Tang Chiu Ming, Jeremy is the chairman of the Remuneration Committee.

The principal duties of the Remuneration Committee include the following:

1. to make recommendations to the Board on the Company's overall policy and structure for the remuneration of the Directors and senior management and establish a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the Board's goals and objectives;

3. as the Board shall direct, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. These include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive Directors;

5. to consider salaries paid by comparable companies in the industry in which the Company operates, time commitment and responsibilities and employment conditions elsewhere in the Group;

6. to review and approve compensation payable to Directors (executive, non-executive or independent non-executive), executive officers and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and in line with market practice;

7. to review and approve compensation arrangements relating to dismissal or removal of Directors (executive, non-executive or independent non-executive) for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

8. to ensure that no Director or any of his associates (as defined in the GEM Listing Rules) is involved in deciding his own remuneration.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

For the year ended 31 December 2021, there was one meeting held by the Remuneration Committee to review and make recommendations to the Board on the remuneration package of the directors and senior management for the year ended 31 December 2021 and discussed and reviewed the remuneration packages for the proposed Directors of the Company. Subsequent to 31 December 2021 and up to the date of this annual report, one meeting of the Remuneration Committee was held in which the Remuneration Committee, among other things made recommendations to the Board on the remuneration packages of individual Directors and senior management for the year ending 31 December 2022. Details of the attendance of the Remuneration Committee meetings are set out above.

Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the Board and senior management of the Company, whose biographies are set out on pages 13 to 15 of this annual report, for the year ended 31 December 2021 are set out below:

Remuneration band(s)	Number of individuals
Nil to HK$1,000,000	6

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2021 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 43 to 45 of this annual report.

DETAILS OF THE AUDIT MODIFICATION AND MANAGEMENT'S POSITION, VIEW AND ASSESSMENT ON THE AUDIT MODIFICATION

As disclosed in this annual report, given the conditions as detailed in the basis for disclaimer of opinion ("Audit Modification") and note 2 to the consolidated financial statements for the year ended 31 December 2021 therein, the auditor considered that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern, which is dependent on the successful and favourable outcome of certain plans and measures, that are subject to multiple uncertainties, including (a) the successful of improvement on its catering business and new online sales business; (b) the ability to obtain continuous financial support; and (c) the outcomes of claims against the Group.

As at 31 December 2021, the Group's current liabilities exceeded its current assets by HK$3,396,000 (31 December 2020: 14,339,000), the Group's total liabilities exceeded its total assets by HK$6,984,000 (31 December 2020: 16,453,000) as of that date, and that the Group incurred a loss of HK$12,058,000 (nine months ended 31 December 2020: 5,787,000) from continuing operations for the year ended 31 December 2021.

In view of such circumstances, the management of the Group had assessed the Group's current liquidity, performance and available sources of financing in considering the Group's ability to continue as a going concern. The management has also taken and will continue to implement plans and measures to mitigate the Group's liquidity pressure and improve the conditions of cash flow. After taking into account the Group's cash flow projections, the management and also the Board are satisfied that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

ACTION PLAN OF THE GROUP TO ADDRESS THE AUDIT MODIFICATION AND IMPACT OF THE AUDIT MODIFICATION ON THE COMPANY'S FINANCIAL POSITION

In order to address the uncertainties which may cast doubt regarding the Group's ability to continue as a going concern, and with a view to removing the Audit Modification, the Company has taken and intends to continue to implement the measures, including but not limited to:

(i) Management of the Company believes the catering businesses will be recovered upon the COVID-19 is being properly managed and the restriction policies introduced by the Government would be loosen soon. Since 2020, the Group takes active initiative to re-organise its operations by reducing the heavy financial burden on unperforming subsidiaries. During the year ended 31 December 2021, the Group acquired a new catering operation to improve the profitability and cash flows of the Group.

(ii) In view of the impact of COVID-19 is still affecting the catering business, the Group newly established an online platform to sell and distribute wines.

(iii) Management of the Company is working closely with the Group's lawyers to settle the claims and counterclaims for the benefits of the Group. As at the date of this report, the progress of these cases, as disclosed in notes 41 and 42, are considered favourable to the Group.

(iv) The Group and the Company has successfully completed a subscription of new shares during the year ended 31 December 2021 and will continue to seek for alternative financing solutions to turnround the difficulties encountered by the Group and the Company.

REMOVAL OF THE AUDIT MODIFICATION

The management considered that the proposed actions mentioned above, if successful, could improve the Group's liquidity and therefore could help to address the Audit Qualification. However, as the management's assessment of the Group's ability to continue as a going concern for the purposes of preparing the Group's consolidated financial statements for the year ending 31 December 2022 has to take into consideration of the then conditions and circumstances and could only be made at the end of the relevant reporting period, the management is unable to ascertain at this moment whether the Audit Qualification can be removed in the next financial year purely based on the Company's action plan above.

AUDIT AND RISK MANAGEMENT COMMITTEE'S VIEW ON THE AUDIT MODIFICATION

The audit and risk management committee of the Company (the "Audit and Risk Management Committee") had critically reviewed the Audit Qualification, the Cash Flow Forecast and also the management's position and action plan of the Group to address the Audit Qualification. In light of the above, the Audit Committee concurs with the management's view with respect to the Audit Qualification, the Group's ability to continue as a going concern and the actions or measures to be implemented by the Group. The Audit Committee is also of the view that the management should continue its efforts in implementing the actions and measures set out in the action plan with the intention of mitigating the Group's liquidity pressure and removing the Audit Qualification.

INTERNAL CONTROL AND RISK MANAGEMENT

Responsibility

Our Board of Directors has the overall responsibility to ensure that sound and effective risk management and internal control systems are maintained, while management is responsible for designing and implementing risk management and internal control systems to manage risks. Sound and effective systems of risk management and internal control are designed to identify and manage the risk of failure to achieve business objectives.

Risk Management and Internal Controls Framework

The Audit and Risk Management Committee shall be responsible for monitoring compliance with the laws and regulations that are applicable to the operation of the Group, as well as assessing the adequacy and effectiveness of the Group's regulatory compliance procedures and system. Other than reviewing and monitoring our financial reporting process and the risk management procedures, our Audit and Risk Management Committee shall, on an annual basis:

(a) review the reports and findings submitted by the internal control consultant to ensure the effectiveness of our regulatory compliance procedures and system;

(b) advise the Board on the adoption of the recommendation (if any) proposed by the internal control consultant;

(c) assess and review the adequacy of resources and training provided to our management and staff in relation to our regulatory compliance functions; and

(d) receive the recommendations and reports of the Group's internal audit function, review and approve the organisation, responsibilities, plans, results, budget and resources of the internal audit team to ensure the quality of the Group's internal control measures are maintained.

The Audit and Risk Management Committee shall also supervise the Group's internal audit team in handling actual or potential non-compliance matters (if any).

Risk Management

The Group has established a risk management policy and formal risk assessment system. The Group's risk management framework comprises the following key elements:

1. Identify risks;

2. Analyse risks;

3. Evaluate risks; and

4. Treat risks.

Senior management identifies the key risks that potentially impact the key business processes of their operations on an annual basis. The identified risks are analysed and evaluated using established risk assessment criteria which include appropriate qualitative and quantitative techniques, these identified risks are scored based on their likelihood of occurring and the impact on business should they occur. Such risk evaluation system helps to rank the risks and to prioritise risk management efforts to determine the appropriate risk mitigation plans (i.e. accept, reduce, transfer and avoid). Results of the annual risk assessment are reported to the Audit and Risk Management Committee, including the significant risks of the Group and the associated control activities to mitigate or transfer the identified risks. The risk assessment results indicated limited changes in the nature and extent of significant risks identified by the Group since the Listing Date. To provide assurance over the effectiveness of the risk mitigating controls, the Group has formulated a risk-based, 3-year internal audit plan which covers the identified risk mitigating controls and key business processes of the Group.

Internal Controls

The Group has established policies and procedures including defined levels of responsibilities and reporting lines. Controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are identified and assessed.

To assist the Audit and Risk Management Committee in discharging its duties, the Company has engaged an internal control consultant to conduct an annual review on the adequacy and effectiveness of the Group's internal control system in respect of its compliance with licensing laws and regulations in Hong Kong for each financial year and submit a report. In particular, the internal control consultant shall set out in its report regarding the Group's compliance status with the applicable laws and regulations for the Group's licensing matters and the effectiveness of the Group's internal control system in ensuring the Group's compliance with the applicable licensing requirements for its restaurants. No material deficiency was noted by the internal control consultant regarding licensing matters of the Group during the year ended 31 December 2021.

The Group has established an independent internal audit function, which is headed by the company secretary and financial controller and supported by the head of the Group's accounting department. The internal audit function shall be responsible for implementing and supervising the Group's internal control system, reporting to the Directors at least annually on the effectiveness of the Group's internal control system, and devising any improvements needed to the Group's internal control system. In carrying out its duties, the Group's internal audit team shall receive reports from the Group's management team and its employees regarding any actual or potential non-compliance, report such non-compliance matters to the Group's Audit and Risk Management Committee, where appropriate, and make recommendation to the Audit and Risk Management Committee and/or the Board for rectifying such non-compliances. The Group has also engaged an external consultant to assist in its internal audit efforts in the coming financial year.

Review of Risk Management and Internal Control Systems

In respect of the year ended 31 December 2021, the Board conducted a review of the effectiveness of the risk management and internal control systems and considers the systems to be effective and adequate. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group have been identified. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. A review on the risk management and internal control systems will be conducted on an annual basis.

During the review, the Board also considered the resources, qualification/experience of staff of the Group's internal control, accounting and financial reporting function, and their training and budget to be adequate.

Disclosure of Inside Information

The Group is aware of its obligation of handling and dissemination of inside information under the GEM Listing Rules and the SFO. The Group has established an inside information management policy for identifying, monitoring and reporting inside information to our shareholders, investors, analysts and media. The internal policy is updated whenever required and adopted accordingly to guide its stakeholder communications and the determination of inside information in order to ensure consistent and timely disclosure. The Group conducts its affairs in accordance with the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company on their reporting responsibilities and opinion on the Group's consolidated financial statements for the year ended 31 December 2021 is set out in the section headed "Independent Auditor's Report" in this annual report.

The Audit and Risk Management Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

There was no disagreement between the Board and the Audit and Risk Management Committee on the selection and appointment of the external auditors for the year ended 31 December 2021.

The remuneration for the audit and non-audit services provided by the Auditor to the Group during the year ended 31 December 2021 was approximately as follows:

Type of Services	Amount (HK$'000)
Audit services	660

COMPANY SECRETARY

Mr. Chu Pui Ki, Dickson, the company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

During the year ended 31 December 2021, Mr. Chu has undertaken not less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

BOARD DIVERSITY POLICY

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy to ensure that the Company will, when determining the composition of the Board, consider board diversity in terms of, among other things, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. Pursuant to code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. On 23 January 2018, the Board adopted a board diversity policy, a summary of which is set out below:

1. In considering the composition of the Board, the Board is of the view that diversity can be considered from a number of perspectives, including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

2. The above perspectives shall be taken into account in determining the optimal composition of the Board and where possible, should be balanced among one another as appropriate.

3. Appointments to the Board should be made based on merits and the contributions that the individual is expected to bring to the Board, with due regard to the benefits of diversity in the Board.

4. The Nomination Committee shall review the board diversity policy and make recommendations to the Board on amendments to the board diversity policy (if any) as appropriate.

NOMINATION POLICY

The Board adopted a nomination policy (the "**Nomination Policy**") on 27 December 2018. A summary of the Nomination Policy, together with the selection criteria and the nomination procedures made towards achieving those objectives are disclosed below:

Summary of the Nomination Policy

The Nomination Policy provides the key selection criteria and general principles of the Nomination Committee in making any recommendation on the appointment and re-appointment of the Directors. It aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Group's business.

Selection criteria

When making recommendation(s) regarding the appointment of any proposed candidate(s) for directorships to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a number of criteria including but not limited to the followings:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;

(c) Measurable objectives adopted for achieving diversity on the Board;

(d) Requirements of the Board to have independent directors in accordance with the Rules ("**GEM Listing Rules**") Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules.

(e) Potential contributions he/she will bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(f) Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

(g) Other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles and other applicable rules and regulations. The progress made towards achieving the objectives set out in the Nomination Policy will be disclosed periodically in the corporate governance report of the Company.

Nomination procedures

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) *Appointment of new director*

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents;

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable;

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(b) *Re-election of Director at General Meeting*

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board;

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above;

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the GEM Listing Rules and/or applicable laws and regulations.

Review of Nomination Policy

The Nomination Committee will conduct regular reviews on the structure, size and composition of the Board and this Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

DIVIDEND POLICY

Under the Dividend Policy, the declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Law of the Cayman Islands and the articles of association of the Company.

The Company do not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, inter alia, the Group's results of operations, cashflows and financial condition, general business conditions and strategies, operating and capital requirements, future prospects, legal and tax considerations and other factors the Board deems appropriate. Our Directors will consider as to whether if there is any material adverse impact on our Group's financial and liquidity position arising out of the dividend payments. Dividends may be paid out by way of cash or by other means that our Group considers appropriate.

The Company will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM of the Company provides opportunity for the Shareholders to communicate directly with the Directors. The chairman of the Board and the chairmen of the Board Committees will attend the AGMs to answer Shareholders' questions. The Auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at topstandard.com.hk, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

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

Convening of extraordinary general meeting and putting forward proposals

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

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company by mail to 18/F, Prosperity Tower, 39 Queen's Road Central, Hong Kong or by email via ir@topstandard.com.hk. Share registration matters shall be handled for the Shareholders by the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company have been amended and restated with effect from the Listing Date. There was no change on the memorandum and articles of association of the Company during the year ended 31 December 2021.

CONCLUSION

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

INDEPENDENT AUDITOR'S REPORT

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF TOP STANDARD CORPORATION
(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Top Standard Corporation (the "Company") and its subsidiaries (together the "Group") set out on pages 46 to 121, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple Uncertainties Relating to Going Concern

As described in note 2 to the consolidated financial statements, the Group has encountered a number of circumstances giving use to material fundamental uncertainties. The Group is principally sustained in its daily operations by the proceeds from shares placing and subscription and the financial support from shareholders. The Group is pursuing certain finance measures set out in note 2 to the consolidated financial statements.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends, among others, on the successful and favourable outcome of these measures, which are subject to multiple uncertainties, including (a) the successful of improvement on its catering business and new online sales business; (b) the ability to obtain continuous financial support; and (c) the outcomes of claims against the Group.

BASIS FOR DISCLAIMER OF OPINION (Continued)

Multiple Uncertainties Relating to Going Concern (Continued)

We were unable to obtain sufficient appropriate audit evidence regarding the use of going concern assumption in the preparation of the consolidated financial statements. In particular, we have not been provided with sufficient appropriate documentary evidence to enable us to assess successfulness of the measures undertaking by the Group. If one or more of the measures undertaken by the Group fails, the Group would be unable to meet its financial obligations as and when they fall due and it might not be able to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets and liabilities may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position at 31 December 2021. In addition, the Group may have to recognise 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.

Any adjustments that would be required may have a consequential significant effect on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2021 and the financial position of the Group as at 31 December 2021, and the related disclosures thereof in the consolidated financial statements.

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

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

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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.

The engagement partner on the audit resulting in the independent auditor's report is Wong Ho Fung.

D & PARTNERS CPA LIMITED
Certified Public Accountants
Wong Ho Fung
Practising Certificate Number: P07542
Hong Kong
31 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**Year ended 31 December 2021 HK$'000**	Nine months period ended 31 December 2020 HK$'000 (restated)
Continuing operations			
Revenue	6	**6,647**	–
Other incomes	7	**217**	343
Other loss	8	**(1,715)**	–
Raw materials and consumables used		**(1,248)**	–
Staff costs		**(3,355)**	(190)
Depreciation of property and equipment		**(29)**	–
Depreciation of right-of-use assets		**(446)**	–
Impairment loss on:			
– property and equipment		**(141)**	–
– right-of-use assets		**(6,472)**	–
Rental and related expenses		**(977)**	–
Utilities expenses		**(87)**	–
Other expenses		**(4,358)**	(5,378)
Finance costs	10	**(94)**	(562)
Loss before taxation		**(12,058)**	(5,787)
Income tax expense	11	**–**	–
Loss for the year/period from continuing operations	13	**(12,058)**	(5,787)
Discontinued operations			
Profit for the year/period from discontinued operations	12	**8,936**	20,062
(Loss)/profit for the year/period		**(3,122)**	14,275
Other comprehensive income/(expense) for the year/period			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of a foreign operation		**2**	56
Release of translation reserve upon disposal of a subsidiary		**–**	(168)
Other comprehensive income/(expense) for the year/period, net of tax		**2**	(112)
Total comprehensive (expense)/income for the year/period		**(3,120)**	14,163

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (restated)
(Loss)/profit for the year/period attributable to the owners of the Company			
– from continuing operations		**(11,965)**	(5,787)
– from discontinued operations		**8,936**	20,062
		(3,029)	14,275
Loss attributable to non-controlling interests			
– from continuing operations		**(93)**	–
– from discontinued operations		**–**	–
		(93)	–
Total comprehensive (expense)/income for the year/period attributable to the owners of the Company			
– from continuing operations		**(11,963)**	(5,787)
– from discontinued operations		**8,936**	19,950
		(3,027)	14,163
Total comprehensive (expense)/income for the year/period attributable to:			
– owners of the Company		**(3,027)**	14,163
– non-controlling interests		**(93)**	–
		(3,120)	14,163
Basic and diluted (loss)/earnings per share (Hong Kong cents)	15		
– from continuing and discontinued operations		**(0.25)**	1.53
– from continuing operations		**(1.00)**	(0.62)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	At 31 December 2021 HK$'000	At 31 December 2020 HK$'000
Non-current assets			
Property and equipment	16	**–**	–
Right-of-use assets	17	**–**	–
Goodwill	18	**109**	–
Deposits	21	**1,041**	2,391
		1,150	2,391
Current assets			
Inventories	20	**246**	97
Trade receivables, deposits and prepayments	21	**516**	1,198
Restricted bank balances	22	**11,812**	–
Cash and cash equivalents	22	**2,983**	9,024
		15,557	10,319
Current liabilities			
Trade and other payables and accruals	23	**11,945**	12,491
Bank borrowings	26	**50**	12
Lease liabilities	27	**1,907**	10,868
Provisions	28	**4,912**	1,287
Amounts due to related parties	24	**99**	–
Amount due to non-controlling interest	25	**40**	–
		18,953	24,658
Net current liabilities		**(3,396)**	(14,339)
Total assets less current liabilities		**(2,246)**	(11,948)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	At 31 December 2021 HK$'000	At 31 December 2020 HK$'000
Non-current liabilities			
Lease liabilities	27	**4,588**	4,005
Provisions	28	**150**	500
		4,738	4,505
Net liabilities		**(6,984)**	(16,453)
Capital and reserves			
Share capital	29	**13,824**	11,520
Reserves		**(20,712)**	(27,973)
Equity attributable to owners of the Company		**(6,888)**	(16,453)
Non-controlling interests		**(96)**	–
Total deficit		**(6,984)**	(16,453)

The consolidated financial statements on pages 46 to 121 were approved and authorised for issue by the Board of Directors on 31 March 2022 and are signed on its behalf by:

YING Kan Man DIRECTOR	CHUK Stanley DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company								
		Reserves							
	Share capital HK$'000	Share premium HK$'000	Capital reserves HK$'000	Other reserve HK$'000 (note)	Translation reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2020	8,000	60,304	19,300	4,686	112	(157,380)	(64,978)	–	(64,978)
Profit for the period	–	–	–	–	–	14,275	14,275	–	14,275
Exchange differences arising on translation of a foreign operation	–	–	–	–	56	–	56	–	56
Release of translation reserve upon disposal of a subsidiary	–	–	–	–	(168)	–	(168)	–	(168)
Other comprehensive expense for the period	–	–	–	–	(112)	–	(112)	–	(112)
Total comprehensive (expense)/income for the period	–	–	–	–	(112)	14,275	14,163	–	14,163
Contribution from shareholders (note 37)	–	–	2,769	–	–	–	2,769	–	2,769
Release upon disposal of subsidiaries	–	–	–	(1,000)	–	1,000	–	–	–
Release of capital reserves (note 37)	–	–	(21,503)	–	–	21,503	–	–	–
Issue of shares, net of transaction costs	3,520	28,073	–	–	–	–	31,593	–	31,593
At 31 December 2020	11,520	88,377	566	3,686	–	(120,602)	(16,453)	–	(16,453)
Loss for the year	–	–	–	–	–	(3,029)	(3,029)	(93)	(3,122)
Exchange differences arising on translation of a foreign operation	–	–	–	–	2	–	2	–	2
Other comprehensive income for the year	–	–	–	–	2	–	2	–	2
Total comprehensive income/(expense) for the year	–	–	–	–	2	(3,029)	(3,027)	(93)	(3,120)
Release upon de-consolidation of a subsidiary	–	–	–	(3,686)	–	3,686	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	–	–	(15)	(15)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	(26)	(26)	12	(14)
Issue of shares, net of transaction costs	2,304	10,314	–	–	–	–	12,618	–	12,618
At 31 December 2021	13,824	98,691	566	–	2	(119,971)	(6,888)	(96)	(6,984)

Note: Other reserve represents the difference between the share capital of group entities and that of the Company issued pursuant to the group reorganisation and shareholder's contribution upon the group reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (restated)
OPERATING ACTIVITIES		
(Loss)/profit before taxation	**(3,122)**	14,275
Adjustments for:		
Depreciation of property and equipment	**29**	2
Depreciation of right-of-use assets	**446**	–
Finance costs	**556**	1,382
Gain on de-consolidation/disposal of subsidiaries of part of the discontinued operations	**(3,461)**	(18,832)
Gain on lease modification	**(8,231)**	–
Interest income	**(71)**	(92)
Impairment loss on property and equipment	**141**	–
Impairment loss on right-of-use assets	**6,472**	–
Impairment loss of trade receivables under expected credit loss model	**–**	695
Loss on disposal of property and equipment	**–**	–
Exchange differences	**3**	(68)
Operating cash flows before movements in working capital	**(7,238)**	(2,638)
(Increase)/decrease in inventories	**(69)**	64
Decrease/(increase) in trade receivables, deposits and prepayments	**431**	(1,842)
Increase/(decrease) in trade and other payables and accruals and provisions	**3,936**	(3,536)
Increase in restricted bank balances	**(11,812)**	–
NET CASH USED IN OPERATING ACTIVITIES	**(14,752)**	(7,952)
INVESTING ACTIVITIES		
Interest received	**–**	–
Net cash outflow on de-consolidation/disposal of subsidiaries	**(15)**	(825)
Net cash outflow on acquisition of a subsidiary	**(42)**	–
Purchases of property and equipment	**(116)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(173)**	(825)
FINANCING ACTIVITIES		
Proceed from issuance of shares	**12,618**	31,593
Acquisition of additional interest in a subsidiary	**(15)**	–
Advance from related parties	**–**	2,769
Repayment to related parties	**(25)**	–
Repayment of lease liabilities	**(3,176)**	(2,898)
New borrowings raised	**348**	–
Repayment of bank borrowings	**(310)**	(434)
Repayment of bonds	**–**	(12,000)
Interest paid	**(556)**	(2,311)
NET CASH FROM FINANCING ACTIVITIES	**8,884**	16,719

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (restated)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(6,041)**	7,942
Cash and cash equivalents at beginning of the year/period	**9,012**	1,069
Effect of foreign exchange rate changes	**–***	1
CASH AND CASH EQUIVALENTS END OF THE YEAR/PERIOD		
represented by bank balances and cash	**2,971**	9,012
Analysis of cash and cash equivalents		
Bank balances and cash	**2,983**	9,024
Bank overdrafts	**(12)**	(12)
	2,971	9,012
Analysis of (loss)/profit before taxation		
Loss before taxation from continuing operations	**(12,058)**	(5,787)
Profit before taxation from discontinued operations	**5,475**	1,230
Gain on de-consolidation/disposal of part of the discontinued operations	**3,461**	18,832
	(3,122)	14,275

* less than HK$1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL

Top Standard Corporation (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 of the laws of the Cayman Islands on 11 February 2016. The Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 February 2018.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The immediate and ultimate holding company is JSS Group Corporation ("JSS Group"). JSS Group is a limited liability company incorporated in the British Virgin Islands (the "BVI") and wholly-owned by Mr. Chuk Stanley ("Mr. Stanley Chuk"), who is an executive director of the Company.

The Company is an investment holding company. The activities of its subsidiaries are set out in note 39.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Basis of Preparation

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

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Basis of Preparation (Continued)

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

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

Going Concern assumption

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and the Company in light of the fact that:

(i) The Group's current liabilities exceeded its current assets by HK$3,396,000 (2020: HK$14,339,000) as at 31 December 2021, the Group's total liabilities exceeded its total assets by HK$6,984,000 (2020: HK$16,453,000) as of that date, and that the Group incurred a loss of HK$12,058,000 (nine months period ended 31 December 2020: HK$5,787,000) from continuing operations for the year ended 31 December 2021.

(ii) Since the outbreak of the COVID-19 in January 2020, the Group's operations are significantly affected by the prevention and control policies imposed by the local government. During the year ended 31 December 2021, the Group's restaurants were recorded continued operating losses and negative cash flows. As such, the Group is unable to settle its staff salaries, rental expenses and other accruals incurred in the course of its daily operations.

During the year ended 31 December 2021, the Group had discontinued the operation of the restaurant under the brand of San Xi Lou CWB as it had ceased to operate at the leased premise in Causeway Bay.

(iii) As at 31 December 2021, the Group has cash and cash equivalents of HK$2,983,000 (2020: HK$9,024,000) which is insufficient to settle all the current liabilities, which includes lease liabilities of HK$1,907,000 (2020: HK$10,868,000), salary payables of HK$3,595,000 (2020: HK$2,898,000), accruals and other payables of HK$6,806,000 (2020: HK$7,263,000) and provisions of HK$4,912,000 (2020: HK$1,287,000).

(iv) As disclosed in note 22 to the consolidated financial statements, as at 31 December 2021, restricted bank balances of HK$11,812,000 of the Company represented bank balances that are frozen due to the court case HCCW417/2021 as disclosed in note 42.

(v) As disclosed in notes 40, 41 & 42 to the consolidated financial statements, the Group served a number of claims by various parties as a result of arrears rent and salaries. These claims are legal proceedings and the outcomes might have a significant impact on the continuity of the Group and the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Going Concern assumption (Continued)

In view of such circumstances, which indicate the existence of uncertainties that may cast doubt about the Group's and the Company's ability to continue as a going concern and therefore, the Group and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and the Company, and the available sources of financing in assessing whether the Group and the Company will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's and the Company's financial position which include, but are not limited to, the followings:

(a) Management of the Company believes the catering businesses will be recovered upon the COVID-19 is being properly managed. The Group takes active initiative to re-organise its operations by reducing the heavy financial burden on unperforming subsidiaries. During the year ended 31 December 2021 and nine months period ended 31 December 2020, the management discontinued the operations of certain subsidiaries, as disclosed in Note 32, to reduce the Group's liabilities and cash outflows. In March 2021, the Group entered into a distributor agreement and a supplementary agreement to the distributor agreement ("Agreements"), with a food products supplier to establish a distributorship relationship and the Group as a distributor to purchase food products from the supplier and resell in Hong Kong, the PRC and Macau to improve the profitability and cash flows of the Group.

(b) In view of the impact of COVID-19 is still affecting the catering business, the Group has diversified its businesses by developing an online platform to sell and distribute premium grades of wines and during the year ended 31 December 2021, the Group entered into distributor's agreements to secure the supply of these stocks. This new business stream is expected to provide additional cash flows for the Group.

(c) In June 2021, the Group had acquired 90% shares of a subsidiary, Code Entertainment Limited ("Code Entertainment") at a total consideration of HK$130,000. After that, the Group had further acquired the remaining 10% shares at HK$15,000 in August 2021. Code Entertainment is principally engaged in operation of a bar restaurant. The directors of the Company believe that the acquisition will enhance the Group's efficiency of operations and allows a better leverage of human resources and implementation of the operation strategies of the Group. The details are disclosed in note 30.

(d) The directors of the Company are in the process to work with the banker of the Company to re-activate the bank account status and expects the process would be completed in the second quarter of 2022.

(e) Management of the Company is working closely with the Group's lawyers to settle the claims for the benefits of the Group. As at the date of this report, provision has been recorded in relation to the claims, and details of the claims are disclosed in notes 40 , 41 & 42.

(f) The Group will continue to seek for alternative financing solutions and/or group re-organisation to turnround the difficulties encountered by the Group and the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Basis of Preparation (Continued)

The directors of the Company, based on a cash flow forecast of the Group covering a period up to 31 December 2022 which has taken into account the abovementioned plans and measures, consider that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the consolidated financial statements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2021 on a going concern basis of accounting.

However, the appropriateness of the going concern basis of accounting is dependent on the assumption that (i) the management of the Group will be able to achieve its plans and measures as described above; (ii) the Group is able to obtain continuous external financial support; (iii) the Group will be able to improve its business operations; and (iv) the Group is able to generate sufficient cash flow and implement exercises to control costs. Should the going concern basis of accounting become inappropriate, adjustments might have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position at 31 December 2021, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" which determining the net realisable value of inventories.

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

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Issued But Not Yet Effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 17	Insurance Contracts and related amendments[2, 6]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020[1]
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021[5]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective date not yet determined
4 Effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022
5 Effective for annual periods beginning on or after 1 April 2021
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's financial performance and financial position.

The comparative figures presented for the consolidated financial statements cover a period of nine months from 1 April 2020 to 31 December 2020 and are not directly comparable with those of current financial year.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are set out below:

Basis of consolidation

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

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

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

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Business combinations

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

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

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

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

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit ("CGU") (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

On disposal of the relevant CGU or any of the CGU within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Revenue from catering service

Revenue from restaurant operation is recognised at the point in time when the catering services to the customers are completed.

Revenue from online sales of wines

Revenue from online sales of wines is recognised at the point in time when the goods have been shipped to the customer's specific location.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets includes:

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

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

Covid-19-related rent concessions

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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 added to 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.

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

Government grants

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employment benefits

Retirement benefits costs

Payments to defined contribution scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

The carrying amount of deferred tax assets is reviewed at the end of each 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 assets be recovered.

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

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 each reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

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

Depreciation is recognised so as to write off the cost of items of property and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Impairment loss on property and equipment and right-of-use assets other than financial assets

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

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

In addition, corporates assets are allocated to individual CGUs when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment loss on property and equipment and right-of-use assets other than financial assets (Continued)

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

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

Provisions

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

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

Reinstatement provisions

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

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

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

A financial asset is held for trading if:

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

(i) Amortised cost and interest income

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

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

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

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

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

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

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

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

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

- Past-due status;

- Nature, size and industry of debtors; and

- External credit ratings where available.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

The Group's financial liabilities including trade and other payables, amounts due to related parties, amount due to non-controlling interest and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment of property and equipment and right-of-use assets

Property and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates, the growth rate or the budgeted gross margins in the cash flow projections, could materially affect the net present value used in the impairment test. Details of impairment assessment are set out in note 16.

Provision of ECL for trade and other receivables

The Group uses provision matrix to calculate ECL for the trade and other receivables. The provision rates are based on days past due for 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.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in note 21.

6. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through restaurants and online sales of wines. The following is revenue and segment information analysis:

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (restated)
Continuing operations		
Catering service income (including services provided and food and beverage served)	**6,625**	–
Online sales of wines	**22**	–
	6,647	–
Timing of revenue recognition		
A point in time	**6,647**	–

6. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Performance obligations for contracts with customers

Revenue from catering service income is recognised when control of the goods and services have been transferred to the customers, being at the point the goods are delivered and the related services are rendered to the customers. Payment of the transaction price is due immediately to 60 days at the point the Group provides the services and serves the foods and beverage to the customers.

For online sales of wines, revenue is recognised when control of the goods has transferred to the customers, being at the point the goods are delivered to the customers. Delivery occurs when the goods have been shipped to the customer's specific location. When the customers initially purchases the goods online, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customers.

(iii) Segment informations

The consolidated financial statements reported to the management of the Group, being the chief operating decision maker ("CODM"), for the purpose of assessment of segment performance and resources allocation focusing on different restaurants of the Group. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group previously has five operating and reportable segments, which includes (i) Sichuanese and Cantonese cuisine under the brand of "San Xi Lou CWB" ("San Xi Lou CWB"); (ii) vegetarian cuisine under the brand of "Pure Veggie House" ("Pure Veggie House"); (iii) vegetarian cuisine under the brand of "Pure Veggie House" in Taipei, Taiwan ("PVH Taipei"); (iv) Sichuanese and Cantonese cuisine under the brand of "San Xi Lou Central" ("San Xi Lou Central"); and (v) Japanese cuisine located in Hong Kong ("Ronin"). During the year ended 31 December 2021, the Group's operating and reportable segments have the following changes to reflect the CODM's current reviewing procedures:

(a) One reporting segments, San Xi Lou CWB, was discontinued.

(b) The Group has been operating two new segments under, which include (i) a bar restaurant under the brand of Code ("Code") and (ii) online sales of wines under the brand of MOW ("MOW").

At the end of the reporting period, the Group has two operating and reportable segments: the Code and MOW.

The comparative information is restated to reflect these changes.

The CODM reviews the Group's result by the brand of each restaurant in order to assess performance and allocation of resources. Other than segment results, no segment assets and liabilities are available for the assessment of performance and allocation of resources for the year as in the opinion of the directors, the cost to develop it would be excessive. The CODM reviews the segment results of the Group as a whole to make decisions.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

	Continuing operations			Discontinued operation	
	Code HK$'000	MOW HK$'000	Sub-total HK$'000	San Xi Lou CWB HK$'000	Total HK$'000
Year ended 31 December 2021					
Revenue					
Catering service income	6,625	–	6,625	16,127	22,752
Online sales of wines	–	22	22	–	22
	6,625	22	6,647	16,127	22,774
Segment result	(4,038)	(195)	(4,233)	(1,514)	(5,747)
Other incomes					771
Other gains and losses, net					5,182
Finance costs					(556)
Unallocated other expenses					(2,772)
Loss before tax					(3,122)

	Discontinued operations					
	San Xi Lou CWB HK$'000	Pure Veggie House HK$'000	PVH Taipei HK$'000	San Xi Lou Central HK$'000	Ronin HK$'000	Total HK$'000
Nine months period ended 31 December 2020						
Revenue						
Catering service income	21,905	903	905	3,981	1,411	29,105
Segment result	442	(115)	(263)	382	(284)	162
Other incomes						3,831
Other gains and losses, net						(274)
Finance costs						(1,682)
Unallocated other expenses						12,238
Profit before tax						14,275

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 4. Segment (loss)/profit represents the (loss)/profit incurred by each segment without allocation of other incomes, certain unallocated other gains and losses, finance costs, other expenses (including head office staff costs, rental and other corporate expenses during the year/period) and taxation.

Geographical information

The following table presents revenue from external customers for the year ended 31 December 2021 and the nine months period ended 31 December 2020, by geographical area.

Revenue from external customers

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (restated)
Continuing operations		
Hong Kong	**6,647**	–

The revenue information above is based on the location of goods delivered and services provided for the year/period.

There is no single customers who contributes over 10% of the total revenue of the Group.

7. OTHER INCOMES

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (restated)
Continuing operations		
Imputed interest income	**17**	–
Sundry income	**200**	343
	217	343

8. OTHER LOSS

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (restated)
Continuing operations		
Provision for corporate guarantee	**1,715**	–

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to the directors of Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the year/period as follows:

	Directors' fee HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
For the year ended 31 December 2021				
Executive directors				
Mr. Chuk Stanley (note i)	–	105	5	110
Mr. Ying Kan Man (note iv)	–	238	12	250
Independent non-executive directors				
Mr. Wong Ching Wan	120	–	–	120
Mr. Tang Chiu Ming, Jeremy (note viii)	120	–	–	120
Mr. Yip Ki Chi, Luke (note ix)	120	–	–	120
Total	360	343	17	720
Nine months period ended 31 December 2020				
Executive directors				
Mr. Chuk Stanley (note i)	–	424	15	439
Mr. Chuk Kin Yuen (note ii)	–	155	–	155
Mr. Lam Ka Wong, Johnson (note iii)	–	326	8	334
Mr. Ying Kan Man (note iv)	–	75	4	79
Dr. Chen Liang (note v)	–	–	–	–
Independent non-executive directors				
Mr. Yew Tak Yun, Paul (note vi)	35	–	–	35
Mr. Chan Kwok Ki, Stephen (note vii)	35	–	–	35
Mr. Wong Ching Wan	75	–	–	75
Mr. Tang Chiu Ming, Jeremy (note viii)	36	–	–	36
Mr. Yip Ki Chi, Luke (note ix)	36	–	–	36
Total	217	980	27	1,224

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

Notes:

i. Mr. Chuk Stanley is also the chairman and chief executive officer of the Company.

ii. Mr. Chuk Kin Yuen resigned on 25 August 2020 as executive director of the Company.

iii. Mr. Lam Ka Wong, Johnson resigned on 12 September 2020 as executive director of the Company.

iv. Mr. Ying Kan Man was appointed on 12 September 2020 as executive director of the Company.

v. Dr. Chen Liang was appointed on 8 April 2020 and resigned on 11 September 2020 as executive director of the Company.

vi. Mr. Yew Tak Yun, Paul resigned on 12 September 2020 as independent non-executive director of the Company.

vii. Mr. Chan Kwok Ki, Stephen resigned on 12 September 2020 as independent non-executive director of the Company.

viii. Mr. Tang Chiu Ming, Jeremy was appointed on 12 September 2020 as independent non-executive director of the Company.

ix. Mr. Yip Ki Chi, Luke was appointed on 12 September 2020 as independent non-executive director of the Company.

x. The emoluments of executive directors stated above were for their services in connection with management of the affairs of the Company and subsidiaries. The emoluments of independent non-executive directors state above were for their services in connection with their roles as directors of the Company.

xi. During the period ended 31 December 2020, Mr. Chuk Kin Yuen and Mr. Lam Ka Wong, Johnson had waived HK$263,000 and HK$292,000 director's fee owed to them by the Group respectively.

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, none (nine months period ended 31 December 2020: two) was director of Company whose emolument is included in the disclosures above. The emoluments of the remaining five (for the period ended 31 December 2020: three) individuals are as follows:

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000
Salaries and other benefits	**2,389**	1,121
Retirement benefits scheme contributions	**48**	34
	2,437	1,155

Their emoluments are within the following band:

	Year ended 31 December 2021 Number of employees	Nine months period ended 31 December 2020 Number of employees
HK$ Nil to HK$1,000,000	**4**	3
HK$1,000,001 to HK$1,500,000	**1**	–

During the year ended 31 December 2021 and the period ended 31 December 2020, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. FINANCE COSTS

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (restated)
Continuing operations		
The finance costs represent interest on:		
– Bond payables	–	562
– Bank borrowings	1	–
– Lease liabilities	93	–
	94	562

11. INCOME TAX EXPENSE

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000
Continuing operations		
Hong Kong Profits Tax:		
Current tax	–	–
Deferred taxation charge (note 19)	–	–
	–	–

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits from its continuing operations for the year/period.

11. INCOME TAX EXPENSE (Continued)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The income tax expense for the year/period can be reconciled to the loss before taxation as follows:

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (restated)
Continuing operations		
Loss before taxation from continuing operations	**(12,058)**	(5,787)
Tax at the domestic income tax rate	**(1,990)**	(955)
Tax effect of expense not deductible for tax purpose	**2,154**	927
Tax effect of income not taxable for tax purpose	**(3)**	(73)
Tax effect of tax losses/deductible temporary differences not recognised	**(17)**	101
Utilisation of tax losses previously not recognised	**(144)**	–
Income tax expense from continuing operations	**–**	–

Details of deferred tax are set out in note 19.

12. DISCONTINUED OPERATIONS

As disclosed in note 32 and note 42, a winding up order of Sky Honour Consultants Limited ("Sky Honour") was granted by the court and Sky Honour is in compulsory winding up process by its provisional liquidators during the year ended 31 December 2021. The Pure Veggie House segment operated by sky Honour was discontinued during the nine months period ended 31 December 2020, and its total assets and liabilities has been deconsolidated from the consolidated statement of financial position as at 31 December 2021.

Furthermore, the Group discontinued the San Xi Lou CWB segment during the year ended 31 December 2021.

During the nine months period ended 31 December 2020, the Group had discontinued certain restaurant operations by disposals. The Group entered into certain agreements with a number of independent third parties for the disposal of these subsidiaries which carried out part of the Group's restaurant operations.

The profit for the year/period from the discontinued operations is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present part of the restaurant operations as discontinued operations.

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (restated)
Profit from the discontinued operations for the year/period	**5,475**	1,230
Gain on de-consolidation/disposal of part of the discontinued operations (note 32)	**3,461**	18,832
	8,936	20,062

12. DISCONTINUED OPERATIONS (Continued)

The results of the discontinued operations, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (Restated)
Revenue	**16,127**	29,105
Other incomes	**554**	3,488
Other gains and losses, net	**6,897**	222
Raw materials and consumables used	**(4,763)**	(9,062)
Staff costs	**(7,654)**	(13,889)
Depreciation of property and equipment	**–**	(2)
Rental and related expenses	**(1,366)**	(3,117)
Utilities expenses	**(2,233)**	(2,538)
Other expenses	**(1,625)**	(1,857)
Finance costs	**(462)**	(1,120)
Profit before taxation	**5,475**	1,230
Income tax expense	**–**	–
Profit for the year/period	**5,475**	1,230
Other comprehensive income/(expense) for the year/period:		
Items that maybe reclassified subsequently to profit or loss		
Exchange differences arising on translation of a foreign operation	**–**	56
Release of translation reserve upon disposal of a subsidiary	**–**	(168)
Other comprehensive income/(expense) for the year/period, net of tax	**–**	(112)
Total comprehensive income for the year/period	**5,475**	1,118

12. DISCONTINUED OPERATIONS (Continued)

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (Restated)
Profit for the year/period from discontinued operations has been arrived after charging:		
Depreciation of property and equipment	–	2
Auditor's remuneration	36	75
Staff costs (including directors' emoluments)		
Salaries and other benefits	7,341	13,277
Retirement benefits scheme contributions	313	612
	7,654	13,889
Short-term lease payment in respect of		
– land and buildings	215	263
– catering equipment	17	443
	232	706

The carrying amounts of the assets and liabilities of the subsidiaries de-consolidated/disposed at the date of disposal are disclosed in note 32.

13. LOSS FOR THE YEAR/PERIOD

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (Restated)
Continuing operations		
Loss before taxation has been arrived at after charging:		
Depreciation of property and equipment	**29**	–
Depreciation of right-of-use assets	**446**	–
Impairment loss on:		
– property and equipment	**141**	–
– right-of-use assets	**6,472**	–
Auditor's remuneration	**624**	611
Staff costs (including directors' emoluments)		
Salaries and other benefits	**3,263**	187
Retirement benefits scheme contributions	**92**	3
	3,355	190
Short-term lease payment in respect of		
– land and buildings	**444**	–
– catering equipment	**11**	–
	455	–

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2021 and the nine months period ended 31 December 2020, nor has any dividend been proposed since the end of the reporting periods.

15. (LOSS)/EARNINGS PER SHARE

For continuing operations

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

(Loss)/earnings figures are calculated as follows:

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000 (Restated)
(Loss)/profit for the year/period attributable to owners of the Company	**(3,029)**	14,275
Less:		
Profit for the year/period from discontinued operations	**8,936**	20,062
Loss for the purpose of basic and diluted loss per share from continuing operations	**(11,965)**	(5,787)

Number of shares

	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**1,200,605**	935,796

15. (LOSS)/EARNINGS PER SHARE (Continued)

Number of shares (Continued)

The weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share has been adjusted for the share subscription completed on 15 October 2021, share placing completed on 4 September 2020 and share subscription completed on 10 November 2020 as disclosed in note 29. There are no potential dilutive shares in issue during both year/period.

From continuing and discontinued operations

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

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share		
(Loss)/profit for the year/period attributable to owners of the Company	**(3,029)**	14,275

The denominators used are the same as those detailed above for basic and diluted (loss)/earnings per share.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK$0.75 cents per share (nine months period ended 31 December 2020: HK$2.15 cents earnings per share), based on the profit for the year from the discontinued operations of approximately HK$8.9 million (nine months period ended 31 December 2020: profit of approximately HK$20.1 million) and the denominators detailed above for both basic and diluted earnings per share.

16. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Catering and other equipment HK$'000	Total HK$'000
COST				
At 1 April 2020	38,208	6,587	4,815	49,610
Disposal of subsidiaries (note 32)	(24,998)	(3,388)	(3,038)	(31,424)
At 31 December 2020	13,210	3,199	1,777	18,186
Acquired on acquisition of a subsidiary	–	–	54	54
Additions	–	22	94	116
Disposals	(12,499)	(2,852)	(1,019)	(16,370)
Eliminated on de-consolidation of a subsidiary (note 32)	(711)	(347)	(758)	(1,816)
At 31 December 2021	–	22	148	170
DEPRECIATION AND IMPAIRMENT				
At 1 April 2020	38,208	6,563	4,815	49,586
Provided for the period	–	2	–	2
Eliminated on disposal of subsidiaries (note 32)	(24,998)	(3,366)	(3,038)	(31,402)
At 31 December 2020	13,210	3,199	1,777	18,186
Provided for the year	–	2	27	29
Impairment loss	–	20	121	141
Eliminated on disposals	(12,499)	(2,852)	(1,019)	(16,370)
Eliminated on de-consolidation of a subsidiary (note 32)	(711)	(347)	(758)	(1,816)
At 31 December 2021	–	22	148	170
CARRYING VALUES				
At 31 December 2021	–	–	–	–
At 31 December 2020	–	–	–	–

16. PROPERTY AND EQUIPMENT (Continued)

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the shorter of lease terms and useful life
Furniture and fixtures	10%–25%
Catering and other equipment	10%–25%

As certain restaurants did not perform as expected, the management of the Group concluded there was an indication for impairment and conducted impairment assessment on recoverable amounts of property and equipment and right-of-use assets of relevant restaurants. The Group estimates the recoverable amount of these restaurants, each represents an individual CGU, to which the asset belongs when it is not possible to estimate the recoverable amount individually.

The recoverable amount of CGUs has been determined based on a value in use calculation.

Furthermore, since the Group estimates certain restaurants with impairment indicators would not generate a net cash inflow in the future, an impairment loss of HK$141,000 and HK$6,472,000 has been fully recognised against the carrying amount of property and equipment and right-of-use assets respectively during the year ended 31 December 2021 (nine months period ended 31 December: nil and nil respectively).

The remaining lease term of the restaurant is to end within three years from the end of the reporting year.

17. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
As at 31 December 2021 and 31 December 2020	
Carrying amount	–
For the year ended 31 December 2021	
Provided for the year	446
Impairment loss	6,472
For the nine months period ended 31 December 2020	
Provided for the period	–
Impairment loss	–

17. RIGHT-OF-USE ASSETS (Continued)

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	**659**	680
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	**28**	26
Total cash outflow of leases	**3,176**	2,898
Additions to right-of-assets	**6,918**	–

For both reporting year and prior period, the Group leases various properties for its restaurant operations. Lease contracts are entered into the following ranges of fixed terms of 2 years to 5 years, but may have extension and termination options as described below.

In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. The remaining right-of use assets are depreciated on a straight-line basis over the terms of the leases.

Extension and termination options

The Group has extension and termination options in a number of leases for various properties for restaurant. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options or not to exercise the termination options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain to exercise and termination options in which the Group is not reasonably certain not to exercise are summarised below:

	As at 31 December 2021 HKD'000	Potential future lease payments not included in lease liabilities (undiscounted) HKD'000	As at 31 December 2020 HKD'000	Potential future lease payments not included in lease liabilities (undiscounted) HKD'000
Restaurants	6,495	6,781	14,873	–

17. RIGHT-OF-USE ASSETS (Continued)

Extension and termination options (Continued)

The following table summarised the additional lease liabilities recognised during the year ended 31 December 2021 and nine months period ended 31 December 2020 as a result of (i) exercising extension option that the Group was not reasonably certain to exercise and (ii) not exercising termination option that the Group was not reasonably certain not to exercise:

	Extension option exercisable during the year ended 31 December 2021 No. of leases	Extension option exercised No. of leases	Termination option exercisable during the year ended 31 December 2021 No. of leases	Termination option not exercised No. of leases
Restaurants	1	–	–	–
Additional lease liabilities recognised during the year ended 31 December 2021 (HK$'000)		–		–

	Extension option exercisable during the nine months period ended 31 December 2020 No. of leases	Extension option exercised No. of leases	Termination option exercisable during the nine months period ended 31 December 2020 No. of leases	Termination option not exercised No. of leases
Restaurants	–	–	–	–
Additional lease liabilities recognised during the nine months period ended 31 December 2020 (HK$'000)		–		–

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2021 and nine months period ended 31 December 2020, there is no such triggering event.

17. RIGHT-OF-USE ASSETS (Continued)

Extension and termination options (Continued)

Leases of restaurants are either with only fixed lease payments or contain variable lease payment that are based on a certain percentage of sales and minimum annual lease payment that are fixed over the lease term. The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher revenue.

The Group has extension options for certain leases in Hong Kong. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension options held are exercisable only by the Group.

18. GOODWILL

	Acquisition of Xxperience Lifestyle Pte. Ltd. ("Xxperience Lifestyle") HK$' 000
COST	
At 1 January 2021	–
Arising on acquisition of a subsidiary	109
At 31 December 2021	109
CARRYING VALUES	
At 31 December 2021	109

For the purposes of impairment testing, goodwill has been allocated to one CGU, comprising one subsidiary for its initial set-up cost of the potential new restaurant business. The carrying amount of goodwill (net of accumulated impairment losses) allocated to the unit is as follows:

	As at 31 December 2021 HK$'000
Initial set-up cost of the potential new restaurant business	**109**

During the year ended 31 December 2021, the management of the Group determines that there is no impairment on goodwill.

19. DEFERRED TAXATION

The Group has unused tax losses of approximately HK$10,916,000 (2020: HK$9,164,000) and deductible temporary differences of HK$2,211,000 (2020: HK$4,055,000) available for offset against future profits as at 31 December 2021. No deductible temporary difference as at 31 December 2021 (2020: Nil) has been recognised as deferred tax assets. No deferred tax asset has been recognised in respect of the entire unused tax losses and deductible temporary differences as at 31 December 2020 and 2021 due to the unpredictability of future profit. Unused tax losses may be carried forward indefinitely.

20. INVENTORIES

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Food and beverage and other consumables for restaurant operations	**246**	97

21. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Trade receivables	**30**	98
Rental deposits	**1,020**	2,061
Other deposits	**317**	330
Prepayments and other receivables	**190**	–
Government subsidy receivable	**–**	1,100
Total	**1,557**	3,589
Analysed for reporting purposes as:		
Non-current assets	**1,041**	2,391
Current assets	**516**	1,198
	1,557	3,589

There was no credit period granted to individual customers for the restaurant operations.

The Group's trading terms with its customers are mainly by cash, credit card, electronic and mobile payments. The settlement terms of credit card, electronic and mobile payments companies are usually 7 days after the service rendered date.

21. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

However, the Group allows a credit period of 30 days to its VIP members which include certain corporate customers for consumption in the Group's restaurants. The credit period provided to customers can vary based on a number of factors including nature of operations, the Group's relationship with the customer and the customer's credit profile. 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 enhancements over its trade receivable balances. Trade receivables are non interest-bearing. They are stated after netting the loss allowance.

No interest is charged on the trade receivables on the outstanding balance.

During the year ended 31 December 2021 and nine months period ended 31 December 2020, there is no impairment loss under ECL model from continuing operations recognised in the profit or loss.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date, which approximated the respective revenue recognition date, at the end of the reporting periods.

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
0 to 30 days	**30**	98

As at 31 December 2021, included in the Group's trade receivables balance, no debtors (31 December 2020: Nil) are past due as at the reporting date. None of the balances (31 December 2020: Nil) has been past due 30 days or more and is not considered as in default as these balances are mainly due from customers of good credit quality. The Group does not hold any collateral over the balances.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2021 and the period ended 31 December 2020 are set out in note 34.

22. CASH AND CASH EQUIVALENTS/RESTRICTED BANK BALANCES

As at 31 December 2021, bank balances carry interest at prevailing market rate of 0.01% (31 December 2020: 0.01%) per annum.

As at 31 December 2021, HK$11,812,000 out of the total cash and cash equivalents are frozen by a bank and considered as a restricted bank balances.

Details of impairment assessment of bank balances and restricted bank balances are set out in note 34.

23. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Trade payables	**1,544**	2,330
Salaries payables	**3,595**	2,898
Accruals and other payables	**6,806**	7,263
	11,945	12,491

The salaries payables represent the portion of staff costs incurred during the reporting year and prior period that remains overdue as at 31 December 2021 and 2020. As disclosed in note 28 and note 42, the Group had incurred surcharge and penalty for the overdue salaries and retirement benefits scheme contribution of the Group's employees due to the breach of certain laws and regulations during the year ended 31 December 2021 and the nine months period ended 31 December 2020.

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting periods:

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
0–30 days	**183**	368
31–60 days	**5**	537
61–90 days	**1**	253
Over 90 days	**1,355**	1,172
	1,544	2,330

24. AMOUNTS DUE TO RELATED PARTIES

Details of amounts due to related parties as at 31 December 2021 and 31 December 2020 are stated as follows:

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Mr. Ying Kan Man	**1**	–
Mr. Wong Kwong Sum (note i)	**98**	–
	99	–

Note:

(i) Mr. Wong Kwong Sum is a director of a subsidiary of the Company.

The amounts due to related parties were non-trade, unsecured and interest free as at 31 December 2021.

25. AMOUNT DUE TO NON-CONTROLLING INTEREST

The balance is non-trade, unsecured and interest free as at 31 December 2021.

26. BANK BORROWINGS

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Bank overdrafts	**12**	12
Other bank borrowing	**38**	–
	50	12
Unsecured	**50**	12

26. BANK BORROWINGS (Continued)

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000
Carrying amount (shown under current liabilities) that contains a repayment on demand clause based on scheduled repayment terms:		
– Within one year	**50**	12

Bank overdrafts carry interest at market rates at 11.50% per annum as at 31 December 2021 (31 December 2020: 15.07%).

The other bank borrowing carry interest at market rate. The effective interest rate on the Group's other bank borrowing was 6.25% per annum as at 31 December 2021.

None of the bank borrowings are secured and guaranteed as at 31 December 2021 (31 December 2020: Nil).

27. LEASE LIABILITIES

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Lease liabilities payable:		
Within one year	**1,907**	10,868
Within a period of more than one year but not more than two years	**2,050**	4,005
Within a period of more than two years but not more than five years	**2,538**	–
	6,495	14,873
Less: Amount due to settlement with 12 months shown under current liabilities	**(1,907)**	(10,868)
Amount due to settlement after 12 months shown under non-current liabilities	**4,588**	4,005

28. PROVISIONS

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Analysis for reporting purpose as:		
Current liabilities	4,912	1,287
Non-current liabilities	150	500
	5,062	1,787

	Corporate guarantee provision HK$'000	Surcharge and penalty provisions HK$'000	Reinstatement provisions HK$'000	Total HK$'000
At 1 April 2020	–	830	895	1,725
Provision recognised	3,803	197	–	4,000
Provision released	–	(133)	(50)	(183)
Provision utilised	(2,858)	(63)	(105)	(3,026)
Disposal of subsidiaries	–	(489)	(240)	(729)
At 31 December 2020	945	342	500	1,787
Provision recognised	1,715	1,632	1,440	4,787
Provision released	–	(297)	–	(297)
Provision utilised	(1,200)	(15)	–	(1,215)
At 31 December 2021	1,460	1,662	1,940	5,062

28. PROVISIONS (Continued)

The corporate guarantee provision related to the corporate guarantee for the disposed subsidiaries of the Company.

i) The Company, as a guarantor, had provided corporate guarantee to the landlord for the lease entered between its previous subsidiary, Higher Top Limited ("Higher Top") and the landlord on 27 August 2018. A provision of HK$1,820,000 was recognised for this guarantee during the period ended 31 December 2020. As at 31 December 2021, the net outstanding amount payable by Higher Top to the landlord is HK$1,460,000 (31 December 2020: HK$945,000). The amount had been fully settled in February 2022.

ii) The Company, as one of the guarantor, had provided corporate guarantee to the Hongkong And Shanghai Banking Corporation ("HSBC") for the banking facility granted to its previous subsidiary, Great Planner Limited ("Great Planner") on 3 July 2019. During the period ended 31 December 2020, the Company had repaid HK$1,983,000 pursuant to the guarantee clause as stated on the supplemental banking facility letter dated 9 March 2020. As at 31 December 2020, the bank borrowings from HSBC was fully settled.

iii) The surcharge and penalty provisions mainly related to surcharge and penalty on overdue salaries and retirement benefits scheme contribution of the Group's employees.

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

29. SHARE CAPITAL

The share capital as at 31 December 2020 and 31 March 2020 represented the share capital of the Company with the details as follows:

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2020, 31 December 2020 and 31 December 2021	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2020	800,000,000	8,000
Issue of shares	352,000,000	3,520
At 31 December 2020	1,152,000,000	11,520
Issue of shares	230,400,000	2,304
At 31 December 2021	1,382,400,000	13,824

29. SHARE CAPITAL (Continued)

All issued shares of the Company rank pari passu in all respects with each other.

On 16 August 2020, the Company entered into a placing agreement with a placing agent and a supplemental agreement on 17 August 2020 in respect of the placing of up to 160,000,000 new shares at an issue price of HK$0.112 per share. On 4 September 2020, the placing was completed and 160,000,000 new shares were placed by the placing agent to not less than six placees at an issue price of HK$0.112 per share resulting in raising proceeds, with net proceeds of approximately HK$17,000,000.

On 13 October 2020, the Company entered into a subscription agreement with a subscriber in respect of the subscription of up to 192,000,000 new shares at an issue price of HK$0.077 per share. On 10 November 2020, the subscription was completed and 192,000,000 new shares have been issued and allotted to the subscriber at HK$0.077 per share resulting in raising proceeds, with net proceeds of approximately HK$14,600,000. The proceeds were used to provide additional working capital for the Company.

These new shares were issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 11 September 2020 and rank pari passu with other shares in issue in all respects.

On 21 September 2021, the Company entered into a subscription agreement with a subscriber in respect of the allotment and issuance of up to 230,400,000 new shares at an issue price of HK$0.056 per share. On 15 October 2021, the subscription was completed and 230,400,000 new shares were issued and allotted to the subscriber at an issue price of HK$0.056 per share resulting in raising proceeds, with net proceeds of approximately HK$12,618,000.

30. BUSINESS COMBINATIONS

(i) In June 2021, The Group acquired a 90% shares in Code Entertainment, which is principally engaged in operation of a bar restaurant, at a consideration of HK$130,000. After that, the Group had further acquired the remaining 10% shares at HK$15,000 in August 2021.

(ii) In November 2021, the Group acquired 70% equity interest in Xxperience Lifestyle at a consideration of HK$40,000.

The acquisitions were made as part of the Group's strategy to explore new and sustainable business opportunities.

The fair values of the identifiable assets and liabilities of the acquired subsidiaries as the date of acquisition were as follows:

	Code Entertainment HK$'000	Xxperience Lifestyle HK$'000	Total HK$'000
Consideration for acquisition of subsidiaries			
Cash consideration paid/payable:	130	40	170
Add: Non-controlling interests	14	(29)	(15)
	144	11	155
Less: assets acquired and liabilities recognised at the date of acquisition:			
Property, plant and equipment	54	–	54
Inventories	80	–	80
Trade receivables, deposits and prepayments	433	–	433
Cash and cash equivalents	31	57	88
Trade payables, other payables and accruals	(82)	(155)	(237)
Amounts due to related parties	(124)	–	(124)
Lease liability	(248)	–	(248)
Total identifiable net assets/(liabilities)	144	(98)	46
Goodwill arising on acquisitions	–	109	109
An analysis of cash and cash equivalents included in cash flows from investing activities:			
Cash and cash equivalents in subsidiaries acquired	31	57	88
Consideration for acquisition settled in cash	(130)	–	(130)
Cash (paid)/received on acquisitions	(99)	57	(42)

30. BUSINESS COMBINATIONS (Continued)

The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the acquired subsidiaries. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

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

Acquisition-related costs have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "other expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

31. RETIREMENT BENEFITS SCHEMES

The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority ("MPFSA") under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are both required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The cap of contribution amount is HK$1,500 per employee per month.

The Taiwan defined contribution scheme was established under trust with the assets of the funds held separately from those of the Group by independent trustees. Under the Taiwan defined contribution scheme, the rate of contribution by an employer should not be less than 6% of the employees' monthly salaries and the employees may also voluntarily contribute up to 6% of the monthly salaries to the provision fund account under the Labor Pension Act of Taiwan.

The employees of the Group's subsidiaries in Singapore are members of a national pension scheme. The subsidiary is required to contribute 10% of payroll costs to the Central Provident Fund to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The retirement benefits schemes contributions arising from the MPF Scheme and the Taiwan and Singapore defined contribution schemes charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The contributions paid and payable to the schemes by the Group are disclosed in note 9 and note 13.

32. DE-CONSOLIDATION/DISPOSAL OF SUBSIDIARIES

As disclosed in note 42, a winding up order of Sky Honour was granted by the court and Sky Honour is in compulsory winding up process by its provisional liquidators during the year ended 31 December 2021.

During the period ended 31 December 2020, the Group entered into certain agreements with a number of independent third parties for the disposal of certain subsidiaries for an aggregate consideration of HK$5. These subsidiaries are engaged in restaurant operations.

32. DE-CONSOLIDATION/DISPOSAL OF SUBSIDIARIES (Continued)

The following table summarises the net assets being de-consolidated/disposed of during the year ended 31 December 2021 and nine months period ended 31 December 2020 and the financial impacts are summarised as follows:

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Analysis of assets and liabilities over which control was lost:		
Property and equipment	–	22
Inventories	–	212
Trade receivables, deposits, other receivables and prepayments	–	3,681
Bank balances and cash	**15**	825
Trade payables, other payables and accruals	**(3,476)**	(10,888)
Bank borrowings	–	(2,066)
Lease liabilities	–	(13,860)
Provisions	–	(729)
Net liabilities disposed of	**(3,461)**	(22,803)
Gain on disposal of subsidiaries:		
Consideration received and receivable	–	–*
Net liabilities de-consolidated/disposed of	**3,461**	22,803
Corporate guarantee provision	–	(3,803)
Release of translation reserve upon disposal of a subsidiary	–	(168)
Gain on de-consolidation/disposals	**3,461**	18,832
Net cash outflow arising on de-consolidation/disposals:		
Consideration received	–	–*
Less: cash and cash equivalents de-consolidated/disposed of	**(15)**	(825)
	(15)	(825)

* Less than HK$1,000

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. In order to maintain or adjust the capital structure, the Group may raise loan from shareholders and issue new shares to reduce debts.

The capital structure of the Group consists of debt, which includes bank borrowings as disclosed in respective notes, and equity of the Group, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associates with each class of capital, and takes appropriate actions through issue of new shares and raising debts to adjust the Group's capital structure.

34. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Financial assets	**16,352**	12,613
At amortised cost		
Financial liabilities – At amortised cost	**8,539**	9,605
Lease liabilities	**6,495**	14,873

Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, deposits and prepayments, bank balances and cash, trade and other payables, leases liabilities, bank borrowings, amount due to non-controlling interest and amounts due to related parties. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Currency risk

The Group's exposure to foreign currency risk is arising mainly from the bank balances and cash of the Singapore subsidiary which is denominated in foreign currency of the relevant group entity. Except for the bank balances and cash denominated in foreign currency of the relevant group entity, the group entity did not have any other monetary assets or liabilities denominated in foreign currency as at the end of the reporting periods.

The carrying amounts of the bank balances and cash denominated in foreign currency, representing Singapore Dollars ("SGD"), as at 31 December 2021 is HK$974,000 (31 December 2020: HK$Nil).

The Group currently does not have a foreign currency hedging policy but the directors of the Company monitor foreign exchange exposure by closely monitoring the foreign exchange risk profile and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

This sensitivity analysis details the Group's sensitivity to a 5% appreciation and depreciation in the relevant foreign currency (SGD) against functional currency, HK$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year end for a 5% change in foreign currency rate. A positive number below indicates a decrease in loss for the year and a negative number below indicates an increase in loss for the year where the relevant foreign currency fluctuate 5% against HK$.

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
HK$ impact		
– HK$ strengthens against SGD by 5%	**(49)**	–
– HK$ weakens against SGD by 5%	**49**	–

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable rate bank balances and bank borrowings (note 22 and 26). The Group is also exposed to fair value interest rate risk in relation to fixed-rate lease liabilities (note 27). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arises.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rates arising from the Group's bank balances and HK$ Best Lending Rate, HK$ Prime Rate and prevailing market interest rate arising from the Group's variable-rate bank borrowings.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable-rate bank borrowings. The analysis is prepared assuming the variable-rate bank borrowings at the end of each reporting period were outstanding for the whole year and 50 basis points increase or decrease are used. The bank balances are excluded from the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is not significant.

If interest rates have been 50 basis points higher/lower for variable-rate bank borrowings and all other variables were held constant, the Group's loss for the year ended 31 December 2021 would increase/decrease by HK$250 (profit for the period ended 31 December 2020 would decrease/increase by HK$60).

Credit risk and impairment assessment

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

The maximum exposure to credit risk of the Group which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group trades with a large number of individual customer and trading terms are mainly on cash and credit card settlement. In view of the Group's operations, the Group does not have significant credit risk exposure to any single individual customer.

The credit risk for bank balances is considered as not material as such amounts are placed in banks with good reputation. Included in the balance of cash and cash equivalents, none of it (31 December 2020: HK$8,969,000) is held under an escrow account of a financial service provider as at 31 December 2021. The credit risk associated with these balances are considered as not material as such amount is placed in an separate account of bank with good reputation.

The Group recognises lifetime ECL as prescribed by HKFRS 9 under simplified approach on trade receivables; and recognises 12-month ECL on other receivables. To measure the ECL of trade receivables, they are assessed collectively using provision matrix based on shared characteristics including historical credit loss experience, industry specific factors to the debtors, general economic conditions and the available and supportive forward-looking information, including time value of money where appropriate. To measure the ECL of other receivables, they are assessed individually on the recoverability based on historical settlement records, past experience, and also the available and supportive forward-looking information.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of trade and other receivables.

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

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

As at 31 December 2021 and 31 December 2020, for trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL and determined that the trade receivables is not credit impairment. For other financial assets, the Group measures the loss allowance at 12-month ECL.

Liquidity risk

In the management of the 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 unexpected fluctuations in cash flows.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

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

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

	Weighted average effective interest rate %	Repayable on demand HK$'000	Within 3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 December 2021							
Non-derivative financial liabilities							
Trade and other payables	N/A	–	8,350	–	–	8,350	8,350
Amounts due to related parties	N/A	99	–	–	–	99	99
Amount due to non-controlling interest	N/A	40	–	–	–	40	40
Bank borrowings	7.60	50	–	–	–	50	50
Lease liabilities	6.25	–	624	1,632	4,912	7,168	6,495
		189	8,974	1,632	4,912	15,707	15,034

	Weighted average effective interest rate %	Repayable on demand HK$'000	Within 3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 December 2020							
Non-derivative financial liabilities							
Trade and other payables	N/A	–	9,593	–	–	9,593	9,593
Bank borrowings	15.07	12	–	–	–	12	12
Lease liabilities	6.25	–	6,318	5,001	4,090	15,409	14,873
		12	15,911	5,001	4,090	25,014	24,478

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the "Repayable on demand" time band in the above maturity analysis. As at 31 December 2021, the aggregate carrying amount of these bank borrowings was HK$50,000 (2020: HK$12,000). Taking into account the Group's financial position, management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

For the purpose of managing liquidity risk, the management of the Group reviews the expected cash flow information of the Group's bank borrowings based on the scheduled repayment dates set out in the bank borrowing agreements as set out in the table below:

	Weighted Average effective interest rate %	Within 3 months HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Bank borrowings:				
As at 31 December 2021	7.60	50	50	50
As at 31 December 2020	15.07	12	12	12

Fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

35. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year/period:

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000
Catering income from:		
– Mr. Chuk Stanley	**37**	–
	37	–
Rental expenses paid/payable to:		
– Charm Region Limited	**–**	368

Details of the balances with related parties are disclosed in the consolidated statement of financial position and note 24.

Compensation of key management personnel

The remuneration of executive directors and other members of key management during the year/period were as follows:

	Year ended 31 December 2021 HK$'000	Nine months period ended 31 December 2020 HK$'000
Short-term benefits	**1,538**	1,412
Post-employment benefits	**29**	40
	1,567	1,452

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amounts due to related parties HK$'000	Amount due to non-controlling interest HK$'000	Bond payables HK$'000	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2020	313	–	12,000	2,618	35,589	50,520
Financing cash flows (note)	(313)	–	(12,000)	(2,609)	(3,518)	(18,440)
Finance costs recognised	–	–	–	3	817	820
Disposal of subsidiaries	–	–	–	–	(13,860)	(13,860)
New leases entered/leases modified	–	–	–	–	(4,155)	(4,155)
At 31 December 2020	–	–	–	12	14,873	14,885
Financing cash flows (note)	(25)	–	–	36	(7,903)	(7,892)
Finance costs recognised	–	–	–	2	554	556
Acquisition of subsidiaries	124	40	–	–	248	412
New leases entered/leases modified	–	–	–	–	(1,277)	(1,277)
At 31 December 2021	99	40	–	50	6,495	6,684

Note: The financing cash flows represented the net amount of proceeds from bank borrowings, payment of finance costs, advance from related parties, repayment to related parties, bank borrowings and lease liabilities.

37. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2021, none of the amounts due to shareholders was waived (for the nine months period ended 31 December 2020: HK$2,769,000). The amounts waived during the nine months period ended 31 December 2020 were considered as capital contribution from equity participants. The balance related to ex-shareholder was subsequently reclassified to accumulated losses upon completion of shares placing and subscription during the nine months period ended 31 December 2020.

38. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Non-current asset		
Investments in subsidiaries	**4**	–*
Current asset		
Restricted bank balances	**11,812**	–
Cash and cash equivalents	**–**	8,969
	11,812	8,969
Current liabilities		
Other payables and accrued charges	**1,111**	1,343
Bank borrowing	**12**	–
Provision	**1,460**	945
Amounts due to related parties	**55**	–
	2,638	2,288
Net current assets	**9,174**	6,681
Total assets less current liabilities and net assets	**9,178**	6,681
Capital and reserves		
Share capital	**13,824**	11,520
Reserves (note)	**(4,646)**	(4,839)
Equity attributable to owners of the Company	**9,178**	6,681

* Less than HK$1,000

Note:

Reserves

	Share premium HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2020	60,304	(82,137)	(21,833)
Loss and comprehensive expense for the period	–	(11,079)	(11,079)
Issue of shares, net of transaction costs	28,073	–	28,073
At 31 December 2020	88,377	(93,216)	(4,839)
Loss and comprehensive expense for the year	–	(10,121)	(10,121)
Issue of shares, net of transaction costs	10,314	–	10,314
At 31 December 2021	98,691	(103,337)	(4,646)

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2021 and 2020 are as follows:

Name of subsidiary	Place of establishment	Place of operation	Issued and full paid share capital	Attributable equity interest of the Group as at 31 December 2021	2020	Principal activities
Indirectly held						
Leading Win Limited ("Leading Win")	Hong Kong	Hong Kong	HK$500,000	**100%**	100%	Restaurant operation
Sky Honour	Hong Kong	Hong Kong	HK$1,500,000	**–***	100%	Restaurant operation
Code Entertainment	Hong Kong	Hong Kong	HK$100,000	**100%**	–	Bar operation
MOW Limited	Hong Kong	Hong Kong	HK$100	**100%**	–	Online sales of wine
MEW HK Limited	Hong Kong	Hong Kong	HK$100	**100%**	–	Restaurant operation#
Bounce Club Limited	Hong Kong	Hong Kong	HK$100	**100%**	–	Club operation#
Xxperience Lifestyle	Singapore	Singapore	SGD10,000	**70%**	–	Restaurant operation#

* The Company has de-consolidated the subsidiary during the year ended 31 December 2021 as disclosed in note 32.

\# The subsidiaries have not yet commenced business. The management plans to start the operation in mid or late of the year ending 31 December 2022.

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

None of the subsidiaries had issued any debt securities at end of the year/period or at any time during both year/period.

40. CONTINGENT LIABILITIES

The Group has been served a number of litigations and claims by various parties. These claims and litigations are in relation to arrears rent and salaries of the Group and has been recognised in the other payables and accrual and salaries payables. Additional interest and penalty might be incurred due to the delay in settlement of such payables and the Group has several litigations related to arrears salaries and rent. Nevertheless, the management of the Company had obtained legal advice, and considers no additional interest and penalty is required apart from the amounts stated in the other payables and accruals, salaries payables and provisions.

41. EVENTS AFTER THE REPORTING PERIOD

(i) As previously reported, the outbreak of COVID-19 in January 2020 has caused certain impact on the catering business of the Group due to the restrictions and suspension on restaurants. The Group's business operations have been disrupted by the outbreak of COVID-19 and the subsequent precautionary measures. The Group estimated that the degree of COVID-19 impact would depend on the pandemic preventive measures and the duration of the pandemic. Given the dynamic circumstance and uncertainties of COVID-19 situation, the Group will keep continuous attention on the development of COVID-19 situation and react actively to its impacts on the operation and financial position of the Group, and in the event that there are any significant financial impacts, the Company will reflect it in the Group's 2021 and 2022 financial statements.

(ii) On 9 November 2021, petition for the winding up was filed by Spark View Limited against the Company under the case HCCW417/2021 for HK$3,001,790 of unpaid rent and rates.

All parties filed consent summons on 7 February 2022 after payment of agreed sum by the Company of HK$1,400,000 and costs of HK$60,000. The petition was withdrawn in February 2022 as disclosed in note 42.

The Company had recorded provision for the lease under the corporate guarantee clause as disclosed in note 28.

(iii) MPFSA claimed against Leading Win, for outstanding MFF contributions and surcharge of HK$10,185 on 14 December 2021 and HK$16,312 on 21 December 2021 under the case SCTC04369/21 and SCTC044353/21 respectively.

Judgement was granted by the Small Claims Tribunal in favour of MPFSA against Leading Win on 11 January 2022 and 17 January 2022 for payment of HK$10,185 and HK$16,312 respectively.

The Group had not settled the claimed amounts as of the date of this report. The details and impacts to the Group is disclosed in note 42.

42. LITIGATION

During the year ended 31 December 2021 and nine months period ended 31 December 2020, the Group has been involved in several claims in relation to arrears rent and salaries, the management and the legal advisors of the Company, is of the opinion that the cases may be discontinued or become dormant because the parties involved did not proceed with the cases further.

Except for the litigations disclosed in the annual report for the nine months period ended 2020, the below table summarised the other material litigations filed against the Group or remain active during the year ended 31 December 2021.

Material Litigations filed against the Group

	Action Number	Filing Date/court order date	Status as at 31 December 2021
(a)	HCCW403/2020	25 November 2020	Live
(b)	DCDT4446/2020, DCDT248/2021 and HCCW417/2021	30 November 2020, 1 February 2021 and 9 November 2021	Live
(c)	DCCJ684/2021 and HCA1527/2021	16 February 2021 and 6 October 2021	Live
(d)	SCTC011078/2021 and SCTC029906/2021	11 May 2021 and 4 October 2021	Live
(e)	LBTC2767/2021	24 August 2021	Live
	LBTC2707/2021	23 August 2021	Live
	LBTC2725/2021	23 August 2021	Live
	LBTC2949/2021	13 September 2021	Live
	LBTC2950/2021	13 September 2021	Live
	LBTC2951/2021	13 September 2021	Live
	LBTC2952/2021	13 September 2021	Live
	LBTC2958/2021	13 September 2021	Live
	LBTC2983/2021	13 September 2021	Live
	LBTC3093/2021	20 September 2021	Live
	LBTC3726/2021	15 November 2021	Live
	DCCJ2589/2021	3 June 2021	Live
	DCCJ3578/2021	28 July 2021	Live
	SCTC28624/2021	30 August 2021	Live
	SCTC031048/2021	20 September 2021	Live
	DCCJ4538/2021	24 September 2021	Live
	SCTC038974/2021	29 November 2021	Live
	SCTC039664/2021	6 December 2021	Live
	SCTC043639/2021	14 December 2021	Live
	SCTC044353/2021	21 December 2021	Live

42. LITIGATION (Continued)

Material Litigations filed against the Group (Continued)

Details of the litigations are set out as follows:

(a) *HCCW403/2021*

On 25 November 2020, Goldford Limited petitioned for the winding up of Sky Honour for outstanding amounts of HK$2,646,863 in relation to unpaid rent, service charges, rates and interest in the amount of HK$1,672,172 under the tenancy agreement dated 4 July 2019 and mesne profits, service charges, rates, and costs until vacant possession of the leased premise.

On 24 March 2021, a winding up order of Sky Honour was granted by the court and Sky Honour is in compulsory winding up process by its provisional liquidator during the year ended 31 December 2021.

All its assets will be distributed to creditors, including recovery by Goldford Limited for the amounts owing under the case under LEDP373/2020. The Company had obtained legal advice, that the maximum liability of the Group is limited to the assets of Sky Honour. As at 31 December 2020, the total assets of Sky Honour is HK$14,633.

All the assets and liabilities of Sky Honour has been de-consolidated from the Group's consolidation statement of financial position as at 31 December 2021.

(b) *DCDT4446/2020, DCDT248/2021 and HCCW417/2021*

On 30 November 2020 and 1 February 2021, Spark View obtained distraint orders against Higher Top for HK$312,544 and HK$1,751,457 respectively of unpaid rents and rates under the tenancy agreement dated 27 August 2018.

On 9 November 2021, petition for the winding up was filed by Spark View against the Company under HCCW417/2021 for HK$3,001,790 of unpaid rent and rates.

As at 31 December 2021, bank balances of HK$11,812,000 of the Company are frozen due to this court case as disclosed in note 22.

All parties filed consent summons on 7 February 2022 after payment of agreed sum by the Company of HK$1,400,000 and costs of HK$60,000. The petition was withdrawn in February 2022.

The directors of the Company are in the process to work with the banker of the Company to re-activate the bank account status and expects the process would be completed in the second quarter of 2022.

The Company had recorded provision for the lease under the corporate guarantee clause as disclosed in note 28.

42. LITIGATION (Continued)

Material Litigations filed against the Group (Continued)

(c) *DCCJ684/2021 and HCA1527/2021*

On 16 February 2021, Times Square Limited claimed Leading Win under DCCJ684/2021 for HK$2,777,566 and interest at 8% per annum from 1 February 2021 to judgment date and thereafter at judgment rate until payment, plus damages being the costs of the auction under the tenancy agreement dated 20 September 2017.

On 6 October 2021, Times Square Limited brought a new claim against Leading Win under HCA1527/2021 for HK$3,978,896 and interest at 8% per annum on HK$2,997,118 from 1 July 2020 to 11 June 2021, damages and further relief.

Times Square Limited may petition for the winding up of Leading Win if it continues to default the payments to Times Square Limited, and all the assets of Leading Win will be subject to distribution to Times Square Limited and other creditors.

(d) *SCTC011078/2021 and SCTC029906/2021*

On 11 May 2021, Senrich Food Limited claimed Leading Win for unpaid purchase money of HK$50,000 under SCTC011078/2021, and court order was granted that Leading Win is liable to pay.

On 4 October 2021, ISS Facility Services Limited claimed Leading Win for unpaid cleaning fee of HK$13,000 under SCTC029906/2021, and court order was granted that Leading Win is liable to pay.

The Group had obtained legal advice that Leading Win is liable to pay the above debts with the court orders and interest accrued thereon. If Leading Win fails to pay such amounts, the claimants may petition for the winding up of Leading Win.

(e) During the year ended 31 December 2021, there were several legal claims filed against the Leading Win for total amount of HK$3,271,000 which are related to overdue salaries, MPF contribution, surcharge and related expenses. Based on the court orders being granted, Leading Win is liable to pay the above amount. The Company had obtained legal advice from its legal advisers that the director of Leading Win may subject to imprisonment given that Leading Win had failed to comply with the Employment Ordinance and the MPF Schemes Ordinance, and had failed to pay the debts pursuant to the court orders. Leading Win may also subject to further surcharge and penalty for the above offences.

The Group had recorded provision for the above as disclosed in note 28.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and the Prospectus, is set out below:

	For the year ended 31 March 2018 HK$'000	For the year ended 31 March 2019 HK$'000	For the year ended 31 March 2020 HK$'000 (Restated)	For the nine months period ended 31 December 2020 HK$'000	**For the year ended 31 December 2021 HK$'000**
(Loss)/Profit attributable to:					
Owners of the Company	(21,894)	(37,654)	(94,195)	14,275	**(3,029)**
Non-controlling interests	–	–	–	–	**(93)**

	As at 31 March 2018 HK$'000	As at 31 March 2019 HK$'000	As at 31 March 2020 HK$'000 (Restated)	As at 31 December 2020 HK$'000	**As at 31 December 2021 HK$'000**
ASSETS AND LIABILITIES					
Total assets	89,136	65,045	8,979	12,710	**16,707**
Total liabilities	(39,296)	(53,122)	(73,957)	(29,163)	**(23,691)**
	49,840	11,923	(64,978)	(16,453)	**(6,984)**
Equity/(deficit) attributable to owners of the Company	49,840	11,923	(64,978)	(16,453)	**(6,984)**