FULUM GROUP
ANNUAL REPORT 2023

穩步向上·再創高峰

GROW UP IN THE FUTURE


OMNI

ABOUT FULUM GROUP

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

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. YEUNG Wai *(Chairman)*
Mr. YEUNG Ho Wang *(Chief Executive Officer)*
Mr. YEUNG Yun Chuen *(resigned with effect from 30 June 2022)*
Mr. YEUNG Yun Kei
Mr. LEUNG Siu Sun
Mr. YEUNG Chun Nin *(appointed with effect from 30 June 2022)*

Non-executive Director

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

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Chan Yiu Kwong

AUTHORISED REPRESENTATIVES

Mr. YEUNG Wai
Mr. YEUNG Ho Wang *(appointed on 13 January 2023)*
Mr. Wu Kam On Keith *(resigned on 13 January 2023)*

MEMBERS OF AUDIT COMMITTEE

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

MEMBERS OF NOMINATION COMMITTEE

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

MEMBERS OF REMUNERATION COMMITTEE

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

MEMBERS OF EXECUTIVE COMMITTEE

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

REGISTERED OFFICE

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

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

AUDITOR

ZHONGHUI ANDA CPA Limited

STOCK CODE

01443

WEBSITE

www.fulumgroup.com

Highlights

- Revenue was approximately HK$1,641.5 million (2022: approximately HK$1,486.5 million (restated)), representing an increase of approximately 10.4%

- Gross profit margin[1] was at approximately 70.1% (2022: approximately 65.4% (restated)), representing an increase of approximately 4.7 percentage point

- Earnings before interest expense, tax, depreciation and amortisation were approximately HK$332.4 million (2022: approximately HK$263.5 million)

- Profit for the year attributable to owners of the Company was approximately HK$21.1 million (2022: loss attributable to owners of the Company of approximately HK$49.2 million)

- Basic earnings per share[2] was approximately HK$1.63 cents (2022: basic loss per share of approximately HK$3.78 cents)

- The Board recommends a final dividend of HK$0.3 cents per ordinary share for the year ended 31 March 2023 (2022: Nil)

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

2 The calculation of the basic earnings per share amounts is based on profit for the year attributable to owners of the Company of approximately HK$21,138,000 (2022: loss attributable to owners of the Company of approximately HK$49,169,000) and 1,300,000,000 (2022: 1,300,000,000) ordinary shares in issue during the year.

MESSAGE from the CHAIRMAN

DEAR SHAREHOLDERS,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Fulum Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Fulum Group**" or the "**Group**"), I am pleased to present the annual report of the Company for the year ended 31 March 2023.

Looking back to this financial year, the outbreak of the novel coronavirus (COVID-19) pandemic slowed down, and the Hong Kong government gradually relaxed the anti-pandemic policy. People dine out and gather more often as the society resumes to normalcy, coupled with the return of Mainland tourists to Hong Kong since the full resumption of normal travel between Hong Kong and the Mainland, driving the gradual recovery of the retail, catering and tourism industries.

The pandemic lasting for more than three years has brought structural changes to Hong Kong's catering industry, and consumers' requirement in respect of the environment, atmosphere and cuisine type of a restaurant has been gradually increasing. In order to cater to the evolving food preference of local consumers and to welcome Mainland tourists, during the financial year under review, the Group continued to adopt a branding strategy of full-time catering to meet the challenges by increasing the number of brands and categories under its "Concept Line (概念線)" to diversify its catering business, with an aim to meet consumer's around-the-clock catering needs, enabling customers to enjoy delicacies at various types of the Group's restaurants at any time.

In the financial year under review, the Group continued to develop the "Fulum (富臨)" main brand, the "Sportful Garden (陶源)" main brand and the "Concept Line (概念線)" main line at a prudent pace to offer a myriad of cuisines to customers, including Cantonese cuisine, Southeast Asian cuisine, Japanese and Korean cuisines, European food, etc, so that customers may enjoy the Group's catering services anytime and anywhere and to meet the customer demand of various age groups. The Group continued to set up new food courts in residential areas to increase the Group's market share in the local catering industry

Message from the Chairman

and offer cuisines of different countries to expand its customer base. Meanwhile, in addition to operating supermarkets in residential areas to provide popular and quality products for customers, such as premium frozen meat, seafood straight from the source, fresh vegetables and fruits, groceries and oils, the Group also provided online shopping services to enable customers to buy fresh ingredients anytime and anywhere.

As the global pandemic eases and the society resumes to full normalcy, the Hong Kong Government has launched a new round of consumption vouchers, which is expected to boost local consumption. We are also pleased to see the Government launching the "Hello Hong Kong!" promotional campaign to actively encourage visitors to visit Hong Kong, which is expected to further accelerate the recovery of local consumption and the catering market. We are confident about the outlook of the catering industry in Hong Kong and expect to drive the Group's growth in the next financial year.

Lastly, on behalf of the Board, I wish to extend my appreciation to all of our staff for their dedication and efforts during the pandemic, who tided over the difficult times with the Group. As the economic environment has improved with the slowdown of the pandemic, the Group will continue to provide customers with outstanding catering services. I also wish to express my gratitude to all shareholders, investors, customers and business partners for their steadfast support and trust. We will grasp every post-pandemic opportunity and endeavour to strive for the greatest interests for the shareholders and the Company.

Yeung Wai
Chairman
28 June 2023

Calendar

Announcement of interim results	29 November 2022
Announcement of annual results	28 June 2023
Despatch of annual report to shareholders	28 July 2023
Closure of register of members	
for attending the annual general meeting	25 September 2023 – 28 September 2023
for proposed final dividends	6 October 2023 – 9 October 2023
Annual general meeting	28 September 2023
Dividends	
Final: HK$0.3 cents per ordinary share	19 October 2023 (Subject to approval of the Shareholders at the forthcoming annual general meeting of the Company on 28 September 2023)

INDUSTRY OVERVIEW

At the end of 2022, the Hong Kong government began to withdraw the pandemic control policies gradually, including but not limited to the social gathering ban, mask mandate, vaccine pass, and isolation orders. After the full resumption of normal travel between Hong Kong and Mainland China, Hong Kong has formally entered the post-pandemic era. After the reopening of border, visitors from Mainland China to Hong Kong have been gradually increasing. According to the statistics of the Hong Kong Tourism Board, the number of Mainland Chinese visitor arrivals in April 2023 achieved a record total of approximately 2.3 million. This is the first time it reaches 2 million in a month since February 2020, when the pandemic started. As the number of visitor arrivals to Hong Kong gradually increases, it is believed that the catering industry will gradually return to the pre-pandemic level.

According to the Hong Kong Census and Statistics Department, restaurant receipts in March 2023 amounted to HK$9,352 million, representing a year-on-year increase of 136.6%; comparing the full year of 2022 with 2021, the gross domestic product (GDP) increased by about 4.6% in real terms compared with the same period of the previous year. In the first quarter of 2023, the GDP increased by about 2.7% in real terms compared with the same period of the previous year, and private consumption expenditure also increased by 8% compared with the same period of the previous year, indicating that the Hong Kong economy is gradually returning to normal after the withdrawal of the pandemic control policies. The provisional estimate of the value of total restaurant receipts for the first quarter of 2023 is $27.6 billion, representing a year-on-year increase of 81.7%. During the same period, total receipts for Chinese restaurants increased by 126.9%, while total receipts for non-Chinese restaurants increased by 85.8%. As local activities resumed and visitor arrivals to Hong Kong rebounded, the catering business improved significantly in the first quarter of 2023. Compared with the low base of the previous year, the value of total receipts of restaurants rose sharply by 81.7%. The catering business will continue to benefit from the recovery of personal consumption and tourism revival, and the issuance of a new round of consumption vouchers will also help.

For the PRC market, according to the "2022 China Chain Catering Industry Report" released by the China Chain Store & Franchise Association, the PRC catering market continued to grow and the market size increased from RMB2.9 trillion in 2014 to RMB4.7 trillion in 2019, with a compound annual growth rate of 10.1%. In light of the pandemic, the market size of the catering sector decreased to RMB4.0 trillion in 2020. With the normalization of pandemic prevention and control, national consumption enthusiasm has been ignited. In 2021, the scale of the catering market has recovered to RMB4.7 trillion, a year-on-year increase of 18.6%, indicating that it has returned to the level of 2019. In particular, the proportion of Chinese food stores has been gradually increasing, and the brand chains have shown a trend of accelerated development. According to a joint study by the China Chain Store and Franchise Association and the State Information Center of China, the direct pull effect on the GDP of the catering industry in 2019 and 2020 amounted to RMB716.6 billion and RMB532.9 billion, respectively. Consumption is a main driving factor and an integral part of promoting the internal circulation of the economy.

BUSINESS REVIEW

During the financial year under review, the Hong Kong government gradually withdrew pandemic control policies. The limit for the number of customers at each table in restaurants has been removed, together with the limit for the number of people in social gatherings. The tables in restaurants no longer need to maintain a 1.5-meter distance between each other. After the full resumption of normal travel, the number of overseas and Mainland Chinese visitors to Hong Kong has been gradually increasing, resulting in a significant improvement in the Group's revenue.

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

The Group has been expanding its catering brands in residential areas at a moderate and prudent pace in order to meet the diverse local catering needs and enhance customers' dining experience at different hours of the day. As at 31 March 2023, the Group operated a total of 102 restaurants in Hong Kong, including 15 restaurants under the "Fulum (富臨)" main brand, 7 restaurants under the "Sportful Garden (陶源)" main brand, 80 restaurants under the "Concept Line (概念線)" main line as well as 8 supermarkets, and 3 restaurants in the Mainland China.

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

On the other hand, the Group continues to expand its "Concept Line (概念線)" series of restaurants to create a full-time catering ecosphere to cater to the diverse local dining needs and enhance the dining experience of customers at different hours of the day. In recent years, local consumers' demand for food and beverage is no longer limited to traditional Cantonese cuisine, and the demand for new style dishes has increased significantly. The "Concept Line (概念線)" series of restaurants provide consumers with Korean barbecue restaurants combining authentic Korean izakaya food and traditional culture, classy and casual cafes, authentic Thai food, food courts and so on. During the financial year under review, we have started a number of fine dining restaurants with different price ranges and different cuisines to cater to the needs of our customers.

The pandemic has changed the consumption and catering patterns in Hong Kong, leading to a structural change in the catering market. Therefore, the Group continued to operate supermarkets in residential areas and provide online shopping services so that customers can buy fresh ingredients anytime and anywhere. Meanwhile, the Group has opened food courts in different districts to provide various different catering and takeaway options. In the future, the Group will continue to open more supermarkets and food courts in residential areas to cater for the customers' needs.

FINANCIAL REVIEW

During the year under review, the Group's revenue increased by approximately 10.4% to approximately HK$1,641.5 million (2022: approximately HK$1,486.5 million (restated)) from last year.

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

	2023 HK$'000	2022 HK$'000	**% Change**
Restaurant operations			
"Fulum (富臨)" main brand	**646,775**	625,750	**3.4**
"Sportful Garden (陶源)" main brand	**207,897**	179,914	**15.6**
"Concept Line (概念線)"	**678,309**	556,071	**22.0**
Sale of food and other operating items	**66,196**	88,339	**(25.1)**

During the year under review, the Group's gross profit margin increased to 70.1% (2022: approximately 65.4% (restated)). The Group recorded a profit attributable to owners of the Company of approximately HK$21.1 million for the year ended 31 March 2023 when compared with a loss attributable to owners of the Company of approximately HK$49.2 million for the year ended 31 March 2022.

PROSPECTS AND OUTLOOK

The Group believes that our branding strategy of full-time dining and adjusting the menu portfolio of each brand in response to market conditions will provide us with a sustainable and stable growth momentum. The Group believes that the relaxation of entry restrictions will boost cross-border economic activities and further revive the local catering market. In order to meet the capricious market environment and customer consumption patterns, we continue to expand our "Concept Line (概念線)" main line, expand our casual dining portfolio, and meet the needs of the masses through a small-store group management approach. We will review our operation strategy as appropriate, increase the sales channels of our restaurants and strengthen our digital marketing to build the Group into a diversified catering kingdom and strengthen our market position by increasing our market share and enhancing our competitiveness. In the future, the Group will continue to explore quality dishes from around the world to meet customer demand and broaden its customer base.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 31 March 2023, the Group's total assets decreased to approximately HK$991.2 million (2022: approximately HK$995.9 million). As at 31 March 2023, the Group recorded total equity of approximately HK$145.3 million (2022: approximately HK$121.7 million). The increase in the total equity of the Group as at 31 March 2023 mainly resulted from profit attributable to owners of the Company of approximately HK$21.1 million for the year ended 31 March 2023.

As at 31 March 2023, the Group had approximately HK$169.8 million in cash and bank balances available (2022: approximately HK$128.6 million). The current ratio of the Group was approximately 0.6 (2022: approximately 0.4).

As at 31 March 2023, the Group's total borrowings amounted to approximately HK$308.9 million (2022: approximately HK$240.0 million), which mainly consisted of bank overdraft of approximately HK$nil million (2022: approximately HK$55.1 million), term loans in the amount of approximately HK$293.2 million (2022: approximately HK$169.2 million) and a revolving loan of approximately HK$15.7 million (2022: approximately HK$15.7 million). These borrowings were denominated in Hong Kong dollars, and the effective interest rates ranged from approximately 3.38% to 4.60% per annum.

The gearing ratio, calculated as total interest-bearing borrowings divided by total assets, was approximately 31.2% as at 31 March 2023 (2022: approximately 24.1%).

CAPITAL EXPENDITURE

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

CONTINGENT LIABILITIES

As at 31 March 2023, the Group had contingent liabilities not provided for in the consolidated financial statements in the amount of approximately HK$16.7 million in relation to bank guarantees given in lieu of rental and utility deposits (2022: approximately HK$17.8 million).

FOREIGN CURRENCY EXPOSURE

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

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

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 March 2023, the Group had approximately 1,988 employees. The Group believes that hiring, motivating and retaining qualified employees are crucial to the Group's success as a restaurant operator. During the year under review, the Group conducted a series of standardised training and advancement programs for all the Group's staff, from serving staff, cashiers, floor managers, chefs, restaurant managers to district managers. These training programs intend to ensure that all new staff are equipped with the skills required for their positions. The Group's internal advancement programs can provide its staff with clear advancement guidelines and promote employee satisfaction. The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance and commission/bonuses.

INDEBTEDNESS AND CHARGES ON GROUP'S ASSETS

As at 31 March 2023, the Company had outstanding bank loans of approximately HK$308.9 million, of which approximately HK$78.7 million were secured, and approximately HK$230.2 million were unsecured. As at 31 March 2023, the Company had lease liabilities recognised on the application of HKFRS 16 "Leases" of approximately HK$340.5 million, of which approximately HK$148.2 million were due within one year and approximately HK$192.3 million were due after one year.

As at 31 March 2023, certain assets of the Group with a carrying amount in aggregate of HK$168.1 million (2022: HK$172.1 million) were pledged to secure its bank borrowings.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

During the year under review, there was no material acquisition or disposal of subsidiaries or associated companies and joint ventures by the Group.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

The Group had no significant investments with a value of 5% or above of the Group's total assets as at 31 March 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS

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

DIVIDENDS

The Board recommends a final dividend of HK$0.3 cents per ordinary share for the year ended 31 March 2023 (2022: Nil) to shareholders whose names appear on the register of members of the Company on 5 October 2023. The final dividends are subject to the approval of the shareholders of the Company at the forthcoming annual general meeting and, if approved, are to be payable in cash.

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

EXECUTIVE DIRECTORS

MR. YEUNG WAI 楊維

Mr. Yeung Wai ("**Mr. Yeung**"), aged 59, has been an executive Director and the chairman of the Board since 24 February 2014. Co-founding the Group with Mr. Yeung Yun Chuen ("**Mr. YC Yeung**") and Mr. Yeung Yun Kei ("**Mr. YK Yeung**") in 1992, he is primarily responsible for the Group's overall operation management and the governance and implementation of corporate strategies as well as overseeing the strategic planning of business and marketing.

Mr. Yeung began his career in the food and beverage industry ("**F&B industry**") in the 1980s with over 30 years of relevant experience. Prior to founding of the Group, he had served various important positions in a number of well-known restaurants in Hong Kong and accumulated extensive experience in the management and day-to-day operations of restaurants.

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

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

MR. YEUNG HO WANG 楊浩宏

Mr. Yeung Ho Wang, aged 35, has been appointed as our chief executive officer with effect from 13 January 2023 and has been an executive Director since 13 May 2021 and is responsible for overseeing the management and operation of our Group.

Mr. Yeung Ho Wang has over 10 years of experience in operation management and strategic planning especially in the F&B industry in Hong Kong. He has joined the Group as the operation manager since August 2014 and is primarily responsible for policy enforcement and corporate management. Mr. Yeung Ho Wang received a Bachelor of Science in Business Management and a Master of Science in Food Management in July 2011 and November 2012 respectively from the University of Surrey. Mr. Yeung Ho Wang is also the vice president of the Association of Restaurant Managers, the vice president of the Hong Kong Smart Catering Association, an officer of the Hong Kong Quality Tourism Services Association, as well as a member of the Korean Chamber of Commerce in Hong Kong. Mr. Yeung Ho Wang is the son of Mr. Yeung, the nephew of Mr. YK Yeung and a cousin of Mr. Yeung Chun Nin. Mr. Yeung Ho Wang is also a nephew of Mr. YC Yeung, our controlling shareholder.

MR. YEUNG YUN KEI 楊潤基

Mr. YK Yeung, aged 61, has been an executive Director since 10 June 2014. He is the co-chief operating officer of the Group and one of the founders of the Group. His chief responsibilities are the management and strategic development of the restaurants under our "Fulum (富臨)" main brand.

Prior to founding the Group in 1992, Mr. YK Yeung was an experienced practitioner in the F&B industry in Hong Kong with over 30 years of extensive experience, serving various positions in a number of restaurants in Hong Kong.

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

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

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

MR. LEUNG SIU SUN 梁兆新

Mr. Leung Siu Sun ("**Mr. Leung**"), aged 61, has been an executive Director since 10 June 2014. He is the executive chef of the Group and heads the production and procurement departments, central kitchen and logistics centre. His responsibilities include managing productions, developing new products and quality control.

With over 30 years of experience, Mr. Leung is a seasoned chef with working experience in the F&B industry in Hong Kong, the PRC and Japan. His career highlights include his positions at Maxim's Caterers Limited in Hong Kong in the 1980s, The Garden Hotel Guangzhou in the PRC, and The Royal Hotel in Aomori, Japan, all held in the 1980s. Mr. Leung was appointed as a committee member of the Famous Chefs Committee of the World Master Chefs Association for Chinese Cuisine (世界粵菜廚皇協會) in year 2016. He was awarded the Chinese Cuisine Chef Achievements Award by Unilever Hong Kong Limited (香港聯合利華有限公司) in year 2017. Mr. Leung joined our production department in July 1995 as a chef and has since been involved in the quality assurance functions. He was promoted to his current position of executive chef in June 2004.

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

MR. YEUNG CHUN NIN 楊振年

Mr. Yeung Chun Nin, aged 38, has been an executive Director since 30 June 2022, he has over 11 years of experience in catering operation. He has been a member of the Hong Kong Federation of Restaurants & Related Trades Limited (香港餐飲聯業協會) (the "**Federation**") since 2017 and he is currently the president of the Federation. He joined the Group in 2009, and has been the business director of "Sportful Garden (陶源)", the Group's main brand, where he is primarily responsible for corporate management and strategic planning since 2016. Mr. Yeung Chun Nin obtained a Bachelor of Science in Business Management from the University of Nottingham in the United Kingdom in 2008. Mr. Yeung Chun Nin is the nephew of Mr. Yeung, the nephew of Mr. YK Yeung and a cousin of Mr. Yeung Ho Wang. Mr. Yeung Chun Nin is also a son of Mr. YC Yeung, our controlling shareholder.

NON-EXECUTIVE DIRECTOR

MR. Wu Kam On Keith 鄔錦安

Mr. Wu Kam On Keith ("**Mr. Wu**"), aged 48, has been re-designated as a non-executive Director since 13 January 2023. Mr. Wu will continue to serve as the vice chairman of the Board and hence will become a non-executive vice chairman.

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

Mr. Wu received a Bachelor of Arts (Honours) in Accountancy from the City University of Hong Kong in November 1997, a degree of Master of Corporate Governance from the Hong Kong Polytechnic University in October 2009 and a Postgraduate Certificate in Sustainable Value Chains from the University of Cambridge in May 2019. Mr. Wu was admitted as a fellow and accredited as an authorized supervisor of Hong Kong Institute of Certified Public Accountants in September 2008 and July 2012, respectively. He was admitted as a fellow and registered as a certified tax advisor of The Taxation Institute of Hong Kong in July 2010 and August 2010, respectively. He was also admitted as a fellow associate, chartered secretary and chartered governance professional of The Hong Kong Chartered Governance Institute in September 2018 and elected as a fellow associate, chartered secretary and chartered governance professional of The Chartered Governance Institute in the United Kingdom in September 2018. Mr. Wu is also a member of the executive committee member of Group 8 (food, beverages and tobacco) of the Federation of Hong Kong Industries for a term from July 2015 to July 2022.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. NG NGAI MAN RAYMOND 伍毅文

Mr. Ng Ngai Man Raymond ("**Mr. Ng**"), aged 62, has been an independent non-executive Director since 22 September 2017 and supervises the overall management of the Group.

Mr. Ng has over 30 years of experience in the legal industry in Hong Kong. Mr. Ng is currently the partner of Messrs. Fung, Wong, Ng & Lam LLP Solicitors. Prior to his current placement with Messrs. Fung, Wong, Ng & Lam LLP Solicitors, Mr. Ng worked as an executive officer of the Government of Hong Kong from October 1985 to September 1989. Subsequent to his graduation from the University of London in August 1989 and the completion of his articleship in Messrs. C.C. Lee & Co. in September 1992, he was qualified as a solicitor in Hong Kong in October 1992. Mr. Ng worked as an assistant solicitor in Messrs. Ko & Co from October 1992 to December 1995. In January 1996, Mr. Ng set up Messrs. Chan, Ng & Lam and worked as a partner. The firm changed its name to Messrs. Fung, Wong, Ng & Lam Solicitors & Notaries in March 1999. From April 1999 to March 2016, he worked as a partner of Messrs. Fung, Wong, Ng & Lam Solicitors & Notaries. On 1 April 2016, Messrs. Fung, Wong, Ng & Lam Solicitors & Notaries changed its names to Messrs. Fung, Wong, Ng & Lam LLP Solicitors and Mr. Ng has worked as a managing partner since then.

Mr. Ng graduated from the Chinese University of Hong Kong with a degree of Bachelor of Social Science in December 1985. He subsequently obtained his degree of Bachelor of Laws from the University of London (external studies) in August 1989. He has been an accredited mediator of the Hong Kong International Arbitration Centre since October 2002 and a civil celebrant of marriages since June 2006. Mr. Ng also has been appointed as a Chinese Attesting Officer by the Ministry of Justice of China since December 2015. He has been appointed among the first lawyers of Guangdong-Hong Kong-Macao Greater Bay Area and has been a SanShui District CPPCC member (佛山市三水區政協委員) of the PRC since November 2016.

MR. WONG WAI LEUNG JOSEPH 黃偉樑

Mr. Wong Wai Leung Joseph ("**Mr. Wong**"), aged 67, has been appointed as an independent non-executive Director since 7 May 2021 and is responsible for supervising the overall management of the Group.

Mr. Wong has over 30 years of experience in the accounting and financial service industry. Mr. Wong has been an independent director of Cordlife Group Limited since September 2014, the shares of which are listed on the Singapore Exchange Limited. Mr. Wong was an executive director of Credit Agricole (Suisse), Hong Kong from June 2006 to June 2012, where he served clients on wealth management. From February 1988 to May 2006, Mr. Wong worked at Deloitte Touche Tohmatsu, during which he was engaged in a wide spectrum of business domains, including initial public offerings, taxation and asset protection plans for high-net worth individuals.

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

MR. CHAN CHUN BONG JUNBON 陳振邦

Mr. Chan Chun Bong Junbon ("**Mr. Chan**"), aged 41, has been appointed as an independent non-executive Director since 13 May 2021 and is responsible for supervising the overall management of the Group.

Mr. Chan has over 12 years of experience in corporate management, business expansion and brand marketing in the areas of real estate, fast moving consumer goods, retail and wholesale. Mr. Chan is the founder and the chief executive officer of Block Group International Holdings Limited (奧創國際(控股)有限公司), a company established in February 2019 and principally engaged in the provision of property investment consultancy services. Mr. Chan also serves in several companies. He has been a director and general manager of Yick Fung Hong Commercial Development Co., Ltd (億豐行商業發展有限公司), a company principally engages in property investment since May 2017 and YFH Management Services Limited (億豐行管理服務有限公司), a company principally engages in property management since March 2017 respectively. He has been a general manager of Guangzhou NAOMI Cosmetics Co., Ltd.* (廣州市娜娥美化妝品有限公司) from May 2015. In addition, Mr. Chan has been a director of Wayway Daily Necessities (Dongguan) Ltd.* (東莞威威日用品有限公司), a detergent manufacturer, from September 2014 and Yick Fung Hong Cosmetic & Detergent Co. Ltd. (億豐行化妝洗劑有限公司), which principally engages in manufacturing and sale of cosmetic and detergent, from May 2015. Prior to that, he worked at Sa Sa Cosmetic Company Limited, a wholly-owned subsidiary of Sa Sa International Holdings Limited, a company currently listed on the Main Board of the Stock Exchange (stock code: 178) from March 2010 to March 2015, and he last served as a senior business development manager. Mr. Chan graduated from Monash University with dual degree of Bachelor of Commerce and Bachelor of Arts in November 2004.

Mr. Chan has been actively involved in community services and philanthropic activities in Hong Kong and the PRC. Mr. Chan has been a member of the Hong Kong Community Chest Campaign Committee and the co-chairman of the "Community for the Chest" Television Show since April 2012. He was appointed as the Honorary President of the Wan Chai District Arts, Cultural, Recreational and Sports Association Limited (灣仔區文娛康樂體育會有限公司) in November 2018, and the honorary president of the Hong Kong Quarry Bay Residents Association Limited (香港鰂魚涌居民協會有限公司). Furthermore, Mr. Chan has also been a member of the Action Committee Against Narcotics Sub-committee on Preventive Education and Publicity (禁毒教育及宣傳小組委員會) of the Narcotics Division of the Security Bureau of Hong Kong since March 2019. In addition, Mr. Chan was appointed as a member of the Standing Committee of the 13th Chinese People's Political Consultative Conference Dongguan Committee (中國人民政治協商會議第十三屆東莞市委員會常務委員會) in January 2018 and a Hong Kong member of the 13th All-China Youth Federation (中華全國青年聯合會) since August 2020, and was appointed as a member of Hospital Governing Committees of Hong Kong (Kwai Chung Hospital & Princess Margaret Hospital) since April 2022.

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

SENIOR MANAGEMENT

MR. IP BAN 葉彬

Business Director

Mr. Ip Ban ("**Mr. Ip**"), aged 62, is the Group's chief business officer who joined the Group in 2006. Mr. Ip was appointed to his current position in April 2019 and is primarily responsible for setting business targets and executing the day-to-day business management of restaurants under the "Fulum" main brand. Mr. Ip has over 40 years of experience in restaurant operations. He also served as the store manager of certain restaurants of the Group from 2006 to 2009. He subsequently returned to the Group in October 2012 and served as the regional manager from March 2014 to March 2019.

CORPORATE GOVERNANCE PRACTICES

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

This report describes the corporate governance practices adopted by the Company and highlights how the Company has applied the principles of the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

CORPORATE GOVERNANCE CODE

The Board periodically reviews the Group's corporate governance practices to ensure its continuous compliance with the code provisions of the corporate governance code (the "**CG Code**") (to the extent such provisions are applicable) as set out in Appendix 14 to the Listing Rules. Throughout the year ended 31 March 2023, the Board considered that the Company has complied with the code provisions set out in the CG Code.

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

CORPORATE CULTURE AND STRATEGY

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

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

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

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct (the "**Code of Conduct**") regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Based on responses of specific enquiries made with the Directors, all of the Directors have confirmed that they have complied with required standards as set out in the Model Code and Code of Conduct throughout the year ended 31 March 2023 and up to the date of this announcement.

BOARD OF DIRECTORS

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

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

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

EXECUTIVE DIRECTORS

Mr. Yeung Wai *(Chairman)*
Mr. Yeung Ho Wang *(Chief Executive Officer)*
Mr. Yeung Yun Chuen *(resigned with effect from 30 June 2022)*
Mr. Yeung Yun Kei
Mr. Leung Siu Sun
Mr. Yeung Chun Nin *(appointed with effect from 30 June 2022)*

NON-EXECUTIVE DIRECTOR

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Biographical information of the Directors and their relationship (if any) are set forth on pages 14 to 18 of this annual report.

NON-EXECUTIVE DIRECTOR

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have been appointed by the Company for a term of three years, renewable automatically for successive terms of one month each commencing from the next day after the expiry of the then current term of appointment. Such appointment may be terminated in accordance with the terms of the letters of appointment, including by either party giving to the other party not less than three months' advance written notice of termination.

Confirmation of Independence

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

The Company recognises that Board independence is key to good corporate governance. The Company has in place effective mechanisms, including but not limited to entitling the Directors and members of the Board committees to seek independent professional advice on matters relating to the Company where appropriate at the Company's expense, to ensure independent views and input are available to the Board. These mechanisms in place are subject to annual review by the Board that underpins a strong independent Board and independent views.

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

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

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

During the year ended 31 March 2023, the Directors were provided with monthly updates on the Company's performance and position to enable the Board as a whole and each Director to discharge their duties. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year ended 31 March 2023, the Directors participated in the following training:

Name of Directors	**Type of continuous professional development** *(Note 1)*
Executive Directors	
Mr. Yeung Wai	R
Mr. Yeung Ho Wang	R
Mr. Yeung Yun Chuen	R
Mr. Yeung Yun Kei	R *(Note 2)*
Mr. Leung Siu Sun	R
Mr. Yeung Chun Nin	R *(Note 3)*
Non-executive Director	
Mr. Wu Kam On Keith	A, R *(Note 4)*
Independent non-executive Directors	
Mr. Ng Ngai Man Raymond	A, R
Mr. Wong Wai Leung Joseph	A, R
Mr. Chan Chun Bong Junbon	A, R

Notes:

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

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

2) The Director resigned as an executive Director with effect from 30 June 2022.

3) The Director was appointed with effect from 30 June 2022.

4) The Director was re-designated as a non-executive Director with effect from 13 January 2023.

BOARD MEETINGS

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

During the year ended 31 March 2023, the Board has convened and held twelve Board meetings.

BOARD COMMITTEES

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

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

Executive Committee

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

During the year ended 31 March 2023, the Executive Committee has convened 26 meetings.

Audit Committee

The Company established the audit committee (the "**Audit Committee**") on 28 October 2014 with the written terms of reference revised and adopted on 1 February 2016 and 28 December 2018. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditor, to review the financial statements and material advice in respect of financial reporting and to oversee the audit process, risk management system and internal control procedures of the Group. Currently, Mr. Ng Ngai Man Raymond, Mr. Wong Wai Leung Joseph and Mr. Chan Chun Bong Junbon, all being independent non-executive Directors, are members of the Audit Committee, with Mr. Wong Wai Leung Joseph being the chairman. During the year ended 31 March 2023, the Audit Committee has convened two meetings.

The work performed by the Audit Committee during the year ended 31 March 2023 included (i) reviewing external auditor's management letter and management response; (ii) reviewing the interim and annual reports of the Group before submission to the Board for approval; (iii) reviewing the progress and effectiveness of the Group's internal control and risk management; (iv) reviewing the continuing connected transactions of the Company; and (v) considering the terms of engagement and remuneration of external auditor for its provision of audit and permitted non-audit related services.

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

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

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

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

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

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

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

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

Nomination Committee

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

The Nomination Committee is mainly responsible for, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on matters relating to the appointment and re-election of Directors. The Committee will also periodically review the nomination policy (the "**Nomination Policy**") and the board diversity policy of the Company (the "**Board Diversity Policy**"), as appropriate, to ensure the effectiveness of these policies and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. During the year ended 31 March 2023, the Nomination Committee has convened two meetings and had performed the above mentioned duties.

The Board Diversity Policy

During the year ended 31 March 2023, the Nomination Committee had reviewed the Board Diversity Policy and reported on the Board's composition under diversified perspectives, and had monitored the implementation of the Board Diversity Policy.

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

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

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

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

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

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

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

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

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

As at 31 March 2023, the ratio of male and female in the workforce (including the executive directors and senior management) is 39.2% and 60.8%, respectively.

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

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

The Nomination Policy

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

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

Remuneration Committee

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

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

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

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

During the year ended 31 March 2023, the Remuneration Committee has convened four meetings and had performed the above mentioned duties.

ATTENDANCE RECORD AT MEETINGS

The attendance record of each Director at the meetings of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee and the 2022 annual general meeting (the "**2022 AGM**") during the year under review are set out in the following table:

	Number of meetings attended/Number of meetings convened				
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**2022 AGM** *(Note 1)*
Executive Directors					
Mr. Yeung Wai	12/12	–	4/4	2/2	1/1
Mr. Yeung Ho Wang	12/12	–	–	–	1/1
Mr. Yeung Yun Kei	12/12	–	–	–	1/1
Mr. Leung Siu Sun	12/12	–	–	–	1/1
Mr. Yeung Chun Nin *(appointed with effect from 30 June 2022)*	12/12	–	–	–	1/1
Mr. Yeung Yun Chuen *(resigned with effect from 30 June 2022)*	12/12	–	–	–	1/1
Non-executive Director					
Mr. Wu Kam On Keith	11/11	–	–	–	1/1
Independent non-executive Directors					
Mr. Ng Ngai Man Raymond	12/12	2/2	4/4	2/2	1/1
Mr. Wong Wai Leung Joseph	12/12	2/2	4/4	–	1/1
Mr. Chan Chun Bong Junbon	12/12	2/2	–	2/2	1/1

Note:

1. The 2022 AGM was held on 28 September 2022.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of senior management (including the executive Directors) by bands for the year ended 31 March 2023 is set out below:

Bands of remuneration	Number of individuals
Nil to HK$500,000	0
HK$500,001 to HK$1,000,000	5
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	0
HK$2,000,001 to HK$2,500,000	1
HK$2,500,001 to HK$3,000,000	0
	7

Further particulars in relation to Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 13 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

The statement of the external auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set forth in the Independent Auditor's Report on pages 96 to 98 of this annual report.

COMPANY SECRETARY

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

During the year ended 31 March 2023, Mr. Chan Yiu Kwong has taken no less than 15 hours of relevant professional training in accordance with rule 3.29 of the Listing Rules.

EXTERNAL AUDITOR

The Group appointed Zhonghui Anda CPA Limited as the Group's principal external auditor. During the year ended 31 March 2023, the total fee paid/payable in respect of audit and non-audit services provided by Zhonghui Anda CPA Limited, and its affiliated firms is set out below:

Items of auditor's services	**Amount (HK$'000)**
Audit service	2,050
Non-audit services	
– Tax advisory and compliance	50
– Others	418
Total	2,518

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor. Such appointment, re-appointment and removal are subject to the approval by the Board and the general meetings of the Company by the shareholders of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

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

The controls built into the risk management system are intended to manage, not eliminate, significant risks (including environmental, social and governance risks) in the Group's business environment. The Group's risk management framework includes the following key elements:

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

- develop necessary measures to manage those risks; and

- monitor and review the effectiveness of such measures.

During the year ended 31 March 2023, the Group does not have an internal audit function and has engaged an external consultant to conduct an assessment on the effectiveness of risk management and internal controls of the Group.

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

Through the Audit Committee, the Board has conducted a review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 March 2023, covering the material financial, operational and compliance controls, and considered the Group's risk management and internal control systems effective and adequate. The Audit Committee has also conducted a review of the adequacy of resources, qualifications, experience and training programs of the internal audit staff and accounting and financial reporting staff and considered that the staffing is adequate and the staff are competent to carry out their roles and responsibilities.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

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

INVESTOR RELATIONS

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

SHAREHOLDERS' RIGHTS

CONVENING AN EXTRAORDINARY GENERAL MEETING

Pursuant to article 58 of the articles of association of the Company (the "**Articles of Association**"), extraordinary general meetings of the Company may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

After the Board has reviewed the implementation and effectiveness of the Communication Policy including steps taken at the annual general meeting and the handling of queries received (if any) which were conducted during the year ended 31 March 2023, the Communication Policy was found to be effective and adequate.

PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

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

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

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

(ii) Other proposals

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

CONTACT DETAILS

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

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

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2023, the Second Amended and Restated Articles of Association have been adopted to, amongst others, (i) conform to the current requirements of the Listing Rules, including but not limited to the Core Shareholder Protection Standards as set out in Appendix 3 to the Listing Rules, and the relevant requirements of the applicable laws of the Cayman Islands; (ii) provide flexibility to the Company in relation to the conduct of general meetings by electronic means; and (iii) incorporate other consequential and housekeeping amendments. For further details of the amendments, please refer to the announcement and circular of the Company dated 29 June 2022 and 24 August 2022, respectively.

Save as disclosed above, there was no other significant changes in the Company's constitutional documents during the year ended 31 March 2023.

ABOUT THIS REPORT

This report is the seventh Environmental, Social and Governance Report (the "Report") published by Fulum Group Holdings Limited (the "Company", together with its subsidiaries, the "Fulum Group" or the "Group"). It reports the policies, measures, and performances of the Group in environmental, social and governance aspects from 1 April 2022 to 31 March 2023 (the "Reporting Period" or "2023") and allows all stakeholders to better understand the progress and development direction of the Group in relation to sustainability issues. This Report, which is prepared in both Chinese and English, has been confirmed and approved by the board of directors of Group (the "Board") in August 2022, and has been uploaded to the website of the Stock Exchange and the Group's website www.fulumgroup.com. In case of any inconsistencies between the Chinese version and English version, the Chinese version shall prevail.

Reporting Scope

The report scope is the same as the Environmental, Social and Governance Report of the previous Reporting Period. The Group selected the reporting scope in accordance with the principle of materiality. It covers the operation of the Group's restaurants in Hong Kong, including Hong Kong head office, restaurants, the central kitchen and logistics centre, accounting for over 96% of the Group's main source of revenue. The Report focuses on the operation of the Hong Kong head office, restaurants owned by the Group in Hong Kong, the central kitchen and logistics centre. While the Report does not cover the sales of food products and other operations and food court operation in Hong Kong, nor does it cover the operations of restaurants in mainland China. The Group will conduct regular inspections based on the principle of materiality, improve the data collection system, and update the reporting scope in a timely manner.

Reporting Principles

The Report is prepared in accordance with the "mandatory disclosure requirements" and the "comply or explain" provisions of Appendix 27 Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") of the Rules Governing the Listing of Securities on the Stock Exchange. The four reporting principles: materiality, quantitative, balance and consistency form the backbone of the Report.

Materiality The Group invited internal and external stakeholders to conduct materiality assessment and identify the key issues which are important to the Group and the stakeholders through questionnaire, the result of which was reviewed and confirmed by the Board. Please refer to the section "Materiality Assessment" for details.

Quantitative The Group records and discloses quantitative key environmental and social performance data where feasible, and entrusts independent professional consultants to assess carbon emissions and other key environmental performance. At the same time, the Group clarifies the calculation standards and methods.

Balance The Group elaborates on its achievements and challenges faced in sustainability based on the principles of accuracy, objectivity and fairness to let the stakeholders reasonably assess the Group's overall performance.

Consistency Unless otherwise stated, the Group uses consistent statistical methods and provides historical data where feasible to allow meaningful comparisons.

Confirmation and Approval

The information and data contained in the Report are obtained from official documents, statistics and records of the Group. The Report has been confirmed and approved by the Board of the Group on 28 June 2023.

Feedback

The Group values the opinion of stakeholders. If you have any questions or suggestions regarding the content of the Report or the sustainability performance of the Group, please contact the Group via the following channels:
Address: 26/F, Capital Tower, 38 Wai Yip Street, Kowloon Bay, Hong Kong
Email: info@fulum.com.hk

ABOUT FULUM GROUP

The catering business of Fulum Group started in 1992. It has always adhered to the "Three Quality Principle: Quality Environment, Quality Food and Quality Service" with a view to achieving "authentic taste". The Group's diversified catering business has experienced more than 30 years of development, achieving continuous and steady development in terms of brand innovation, geographical expansion and market direction along the way.

Business Overview

The Group's major businesses are restaurant operations, sale of food products and other operating items as well as food court operation. The Group's restaurant operations are mainly divided into three series, namely "Fulum (富臨)", "Sportful Garden (陶源)" and "Concept (概念)", in order to meet the dining preferences of different customers and enhance their dining experience. As of 31 March 2023, the Group operated a total of 103 restaurants in Hong Kong, including 16 "Fulum" main brand restaurants, 7 "Sportful Garden" main brand restaurants, 80 "Concept" restaurants and 8 supermarkets, while operating 3 restaurants in Mainland China.

Restaurant Operation		
The "Fulum (富臨)" main brand	16 restaurants in Hong Kong 3 restaurants in Mainland China	• offering a wide variety of Cantonese delicacies to mass-market customers, including seafood, dim sum and hotpot • Providing luxurious venues with unique decorations and sophisticated catering experience for wedding banquets and events
"Sportful Garden (陶源)" main brand	7 restaurants in Hong Kong	• Focusing on mid-to-high-end Cantonese cuisine and attract customers who put a high value on quality with luxurious decorations
"Concept (概念)" main brand	80 restaurants in Hong Kong 8 supermarkets in Hong Kong	• Introducing multi-national cuisine restaurants, providing Korean barbecue restaurants combining authentic Korean food and traditional culture, the first modern Korean izakaya in Hong Kong, classic chain Korean fried chicken, stylish casual Korean and Japanese cafes, elegant bars and restaurants • Operating supermarkets in residential areas to provide mass and quality products for customers, such as high-quality frozen meat, seafood straight from the source, fresh vegetables and fruits, grains and oil, as well as providing online shopping services to enable customers to buy fresh ingredients anytime and anywhere during the period.

Sales of food products and other operations	
• Includes processed food services and production of festive food such as rice cakes, rice dumplings and moon cakes for customers	
Food court operation	
4 food courts in Hong Kong	• A diversified food court that combines local and overseas cuisines, introducing a number of renowned food and beverage brands, allowing customers to enjoy unique one-stop dining and delicacies in a comfortable environment, as well as jointly developing pop-up shops and parent-child workshops with shop owners.

The Group has received various awards, including "Hong Kong Famous Brand – Golden Award", "Best of the Best Culinary Awards – Gold with Distinction Award", "Famous Brands Hong Kong" and "U Magazine U Favorite Food Awards". These awards are a recognition of the Group's achievements in the catering business and commitment to consumers. The Group will continue to work hard in the future to expand non-Chinese catering brands while building online and offline retail brands. In addition to the Company's internal incubation, we will also actively introduce multinational franchise brands to create multi-scenario catering services in order to provide high-quality catering services and dining experience to the general public.

CHAIRMAN'S STATEMENT

In the past few years, the world faced challenges such as the novel coronavirus (COVID-19) pandemic and climate change, and various industries have been subject to threats and impacts of varying degrees and nature. At the same time, the catering industry has been facing major challenges due to changes in consumption and dining patterns and changes in market structure. The Group will continue to adopt the brand strategy of full-time catering and move towards a direction that emphasizes more on sustainable development.

With the increasing impact of environmental and social related risks, we understand that to maintain the Group's long-term competitiveness, we must integrate the concept of sustainable development into our business operations. We take sound and effective governance as the basis for practicing sustainable development, and the Board of the Group is responsible for leading the Group to achieving more sustainable operations. The Environmental, Social and Governance Committee is responsible for implementation and ensuring that relevant matters are considered in the Board's decision-making.

In 2023, we focused on the four major aspects, namely "operating with sincerity", "people-oriented" principle, "customer first" principle and "green environment". In addition to adhering to the basic principles of rigor, integrity, and professionalism, we put the well-being, safety, and health of our employees in the first place, continuing to create an ideal and inclusive working environment and build a sustainable talent echelon.

The Group adhered to the "Three Quality Principle: Quality Environment, Quality Food and Quality Service". The Group keeps innovating and strives to bring customers a better experience by providing high-quality and diversified food and products and making good use of smart technology. During the pandemic, we supported those in need through food offerings and donations, sending positive energy to the community.

With the imminent crisis of climate change, we must turn our attention to enhancing our ability to cope with climate risks. To this end, we are deploying relevant work, including formulating a climate change policy, conducting assessments to identify major climate risks and opportunities, and developing response strategies and actions. At the same time, we will continue to compile statistics and review our environmental performance to set quantitative environmental targets in line with national and local carbon neutrality goals and climate actions.

Looking ahead, the Group is determined to take solid steps toward sustainable development, prepare for the low-carbon transition, and work with different stakeholders to create sustainable value.

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

SUSTAINABLE DEVELOPMENT POLICIES

The Group recognises the importance of overseeing and promoting environmental, social and governance (the "**ESG**") issues for the stability and long-term development of the business and has always been committed to achieving the goal of sustainable development by integrating the concept of sustainable development into its governance structure, business strategies and daily operations in order to effectively promote sustainable development.

Governance Structure

As the highest governance unit, the Board of the Group assumes full responsibility for Fulum Group's ESG matters, and makes supervision and decision-making on relevant strategies, objectives, policies and action plans. To assist the implementation of sustainable development, the Group has established an ESG Committee (the "**Committee**") comprising senior management to review and monitor the Group's ESG policies, measures, practices and effectiveness. The Committee also monitors the latest ESG issues and opportunities and makes relevant recommendations and responses to the Board to enhance the Group's ESG performance. The Committee reports to the Board on ESG issues and performance at least once a year to ensure that the Board has considered relevant issues in formulating the Group's development strategies and making decisions.

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

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

In the future, the Group will continue to review and enhance the level of sustainable development governance, and progressively improve and implement the relevant strategies, objectives, policies and action plans to consolidate the foundation of sustainable development in order to respond to the concerns and expectations of stakeholders.

Risk Management

The Group has established a sound and effective risk management and internal control system, and the Board is solely responsible for maintaining a sound and effective risk management and internal control system for the Group as a whole. The Audit Committee and management are responsible for the ongoing review and assessment, which is further reviewed and assessed by the Audit Committee and the Board every six months. The Board has reviewed the effectiveness of the Group's risk management and internal control systems as at the year ended 31 March 2023 through the Audit Committee, and regarded the systems as effective and sufficient. For details of risk management and internal control, please refer to the "Corporate Governance Report" in the Company's annual report.

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

Type of risk	Description of risk	Risk response
COVID-19 infection	In the face of the impact of COVID-19, the catering industry has been the first to bear the impact of the pandemic, with many local restaurants closing down and posing health risks to their staff and customers. Despite the relaxation of anti-pandemic measures, most of the operators are facing financial problems.	The Group took various measures during the pandemic, including the following. • setting up an "anti-pandemic team" to deal with sudden changes • Limit the number of customers and the number of customers per table, take customers' body temperature, take the "LeaveHomeSafe" and vaccination records according to the government's social distance guidelines • Provide anti-pandemic equipment in each restaurant, such as masks, hand sanitizers and perform regular disinfection in the restaurant • Employees need to be tested regularly to reduce the risk of virus transmission • Considering the changes in the market to provide catering takeaway, online shopping and supermarket business
Environmental Legislation	The Hong Kong government released the "Hong Kong's Climate Action Plan 2050", setting out Hong Kong's long-term carbon reduction strategy and striving to achieve the goal of carbon neutrality before 2050. In particular, universal waste reduction will bring new challenges to the catering industry. The government will also strengthen the promotion of waste reduction and recycling. It is expected to implement garbage collection in 2023 and control disposable plastic tableware in phases from 2025.	Some restaurants of the Group have used sustainable packaging materials, such as degradable and fully degradable tableware and packaging materials such as paper and sugarcane pulp, to minimize environmental pollution caused by plastic packaging materials.

Compliance Management

Compliance is the cornerstone of business operations and long-term development. The Group's compliance department is responsible for identifying and reviewing laws and regulations related to Fulum Group and their impact on the Group. The impact on the Group of breaches of relevant laws and regulations could include serious fines, administrative penalties, closure of business, damage to reputation, loss of talent and high-cost litigation. In order to ensure legal and compliant operations, the Group requires all departments to effectively implement policies related to compliant operations, regularly review the operation and management system, and make timely adjustments to the operating rules. At the same time, the Group regularly provides training and conducts inspections to the persons in charge of each operation point. The Group has established procedures to deal with potential non-compliance incidents, including investigation, response and correction of non-compliance incidents.

During the Reporting Period, the Group did not violate any ESG-related laws and regulations that have a significant impact on the Group, nor did it have any concluded corruption lawsuits against the Group and its employees. The followings are the laws and regulations that have been identified as having a significant impact on the Group:

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

STAKEHOLDER ENGAGEMENT

Daily Communication

Fulum Group understands that the support and participation of stakeholders is crucial to achieving sustainable development. In order to take into full consideration the views of the stakeholders in the process of promoting sustainable development, the Group maintains good communication with the stakeholders and regularly uses diversified communication channels to understand the expectations and needs of the stakeholders, so as to utilise the resources in a more effective manner and adjust the sustainable development strategies and management work accordingly to enhance the performance of sustainable development.

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

Materiality Assessment

During the Reporting Period, the Group conducted a stakeholder communication and materiality assessment to identify and assess the ESG issues that are important to the Group and its stakeholders by taking the following steps:

1 Identifying relevant issues

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

2 Collecting opinions of stakeholders

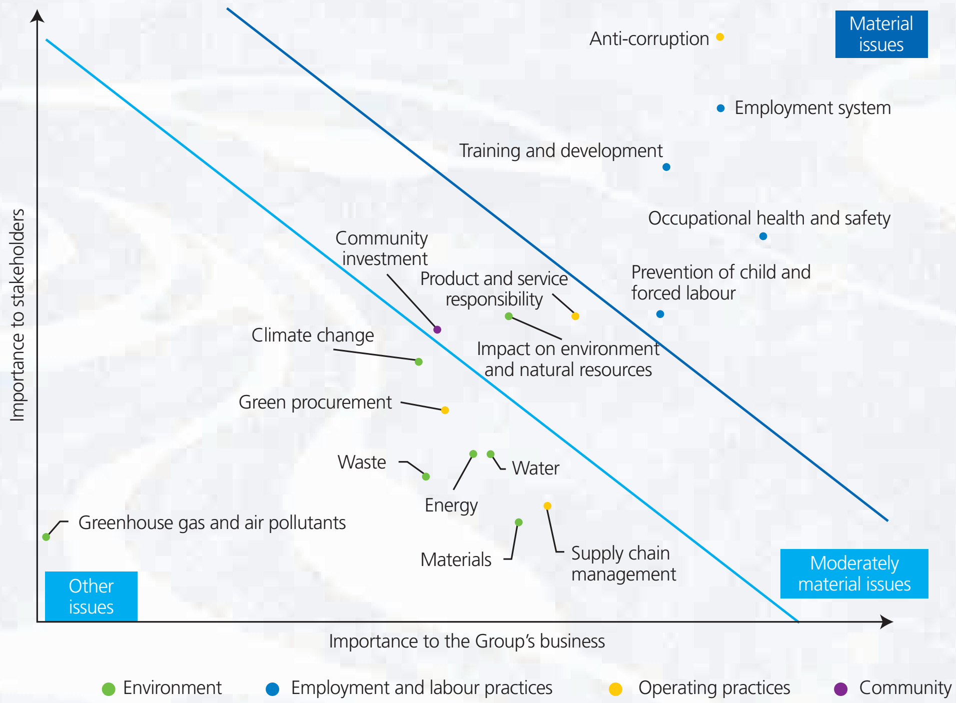
The Group invited external and internal stakeholders to participate in the questionnaire and score the materiality of 16 issues. The Group collected a total of 48 valid responses.

3 Analyzing material issues

The professional consultant integrated the scores of stakeholders to conduct materiality analysis and identified a total of 5 material issues.

4 Identifying material issues

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



The ESG issues identified in 2023 are as follows (in descending order of materiality):

Material Issues	Moderately Material Issues	Other Issues
Anti-corruption	Product and service responsibility	Water
Employment system	Impact on environment and natural resources	Green procurement
Occupational health and safety	Community investment	Energy
Training and development		Supply chain management
Prevention of child and forced labour		Climate change
		Materials
		Waste
		Greenhouse gases and air pollutants

OPERATING WITH INTEGRITY

The Group firmly believes that business ethics and integrity are the foundation of a good corporate governance culture, so we are committed to adhering to the basic principles of rigor, integrity and professionalism in business operations to ensure that the rights and interests of customers and business partners are protected.

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

Anti-corruption

The Group has zero tolerance of any form of corruption or unethical behavior such as bribery, extortion, fraud and money laundering. The "Human Resources Department Management System", "Anti-fraud and Reporting and Complaint Management System" and "Employees' Code of Conduct" set out in detail the industry norms, rules and regulations, and code of conduct that all employees must comply with, in order to establish a corporate culture of integrity and honesty. In order to prevent the occurrence of corruption and fraud, the Group has developed relevant internal control manuals and established a standing anti-fraud organisation to carry out cross-departmental anti-fraud work. We regularly identify and assess fraud risks at the Group, each business department and store, and improve internal control measures for high-risk areas where fraudulent behaviour occurs. At the same time, we require our business partners, such as suppliers, to adopt an ethical and clean business model and conduct annual assessments of suppliers' performance in anti-corruption behaviour.

The Group has a confidential reporting mechanism and dedicated reporting channels, including telephone, mail and e-mail, for external stakeholders, such as employees, suppliers and customers, to report actual or suspected breaches of law, misconduct or malpractice. Complaints and reports about fraud-related internal control process loopholes will be handled in accordance with the following procedures:

Reciept of Reports

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

Investigation

- Appoint a specific department to investigate the reported matter and its related work
- Findings are reported to senior management

Handling

- The Group takes appropriate disciplinary action against the employees involved in the actual cases, including but not limited to dismissal or taking legal action
- According to the seriousness of the case, we may hand it over to relevant law enforcement institutions for further investigation

Reviewing

- Take remedial measures, evaluate and improve internal controls, and prevent recurrence of related incidents

Promoting an honest and law-abiding corporate culture

In order to help employees raise their awareness of anti-corruption, correctly handle conflicts of interest at work and resist the temptation of improper interests, the Group regularly sends reminder emails to employees and directors, and provides anti-corruption training on laws, regulations and ethics. In 2023, the Group held 5 anti-corruption training sessions sponsored by the ICAC to enhance front-line and office employees' understanding of corruption and assist them in mastering the skills and methods to prevent and deal with corruption.

Protection of Privacy and Intellectual Property

With the increasing application of technology in daily business, the Group strives to protect the personal data and privacy of customers, employees and business partners by adopting data protection measures. We have a "Privacy Policy and Statement", and ensure that customers understand and agree to the relevant purposes and policies when collecting personal information. This policy stipulates how to collect, use, store, disclose, transfer, protect and access personal data. At the same time, the Group respects the intellectual property rights of others, and ensures that there is no infringement in the activities of business operations, including product formulations, knowledge and technology of partners, etc.

Enhancing data privacy and cybersecurity

- Formulate privacy policy and information management guidelines
- Enhancing IT system security
- Raise employee data privacy and cybersecurity awareness

In order to effectively manage network and information security risks, we incorporate information management into internal control, and formulate a number of internal guidelines, including the "Security Management System for Information System", "System Operation Management System" and "Information Technology Assets Handbook" to monitor the information system covered in the business process to ensure that the relevant departments handle the data carefully. The use of information and communication technology equipment, as well as the procurement, installation and access to server rooms are strictly controlled to prevent data loss, damage, theft or modification. IT systems are also protected against cyber threats.

Confidential information can only be accessed by authorized personnel. Employees must abide by the "Employees' Code of Conduct" and "Confidentiality Agreement" and other internal guidelines, and shall not leak, use or disclose confidential information without authorization. Employees are strictly prohibited from downloading and installing unauthorized or pirated software so as to prevent IT systems from being attacked by viruses or infringement of intellectual property rights.

Prevention of Child and Forced Labour

In order to prevent accidental recruitment of child labour, the human resources department will check the identity documents of applicants and recruited employees. If the relevant person is under the legal working age, the Group will cancel his or her eligibility for recruitment or employment. The Group also strictly prohibits any form of forced labour, including requiring employees to pay deposits or deposit identity documents when they join the company, withholding employees' wages, benefits, property or other documents to force them to work continuously. We stipulate employee terms and arrangements in the employment contract to ensure that employees work voluntarily and in compliance with laws and regulations, and protect the legal rights of both parties. If any cases of child labour or forced labour are found, the Group will terminate employment in accordance with relevant laws and conduct further investigations as appropriate. During the Reporting Period, the Group recorded no cases of child labour or forced labour by accident.

PEOPLE-ORIENTED

The Group cares about the well-being of its employees, and strives to provide a safe, healthy and inclusive working environment. We also take on corporate responsibility and actively contribute to the community.

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

Talent Recruitment and Retention

The participation and contribution of employees is an important driving force for enterprise development. In order to attract outstanding talents, the Group is committed to creating a fair and inspiring working environment for employees. We implement employment systems and policies, such as "Human Resources Management System" and "Fulum Group Diversity Policy", to ensure that the rights and interests of employees can be effectively protected.

In the recruitment and promotion process, we are guided by the principles of fairness, transparency and openness, and meritocracy. Candidates and staff are assessed on the basis of their abilities, qualifications and work experience. If either the Group or the employee intends to terminate the employment contract, a written notice can be issued in accordance with the procedures or the notice period can be replaced by salary to ensure that the employment contract is terminated in a legal and compliant manner.

Reasonable and competitive salaries and benefits help companies attract and retain talents. We formulate remuneration based on factors such as employee qualifications, ranks, work experience and performance, and regularly review and adjust remuneration packages with reference to market remuneration levels. If the performance of the branch and the work performance of the employees meet the expectations of the Group, we will issue special performance bonuses to the relevant employees to give them appropriate recognition to their efforts and contributions. The working hours and holidays of employees are specified in the employment contract. Depending on the business model of the business unit, in addition to basic paid annual leave and statutory holidays, employees are entitled to other additional leave.

Our employees enjoy a number of benefits, such as discounts for all employees to shop at the branch. If employees need financial support, we will provide assistance in accordance with Group policy, such as medical and funeral expenses.

Employee events

In order to promote work-life balance, we organize various employee activities, such as movie appreciation sessions, team building, mooncake making, baking classes, and provide entertainment to employees during the pandemic. These activities not only provide employees with opportunities to relax, but also opportunities to enhance interaction and communication with employees. The Group hopes to enhance employees' sense of belonging and promote good relationship between the two parties.

A diverse, fair and inclusive corporate culture is one of the key elements for attracting and retaining talents. The Group adheres to the principle of meritocracy in giving equal opportunities to candidates and employees and ensures that they are not discriminated against or treated differently in recruitment, training, promotion, transfer and remuneration on the basis of race, sex, age, disability, marital status, sexual orientation or religious beliefs. At the same time, we do not tolerate any form of workplace harassment or bullying. Employees who have experienced any discrimination or unequal treatment may bring the matter to the attention of their departmental supervisor.

Cultivating a diverse and inclusive culture

Diversity and inclusion allow employees to develop their respective strengths, promote teamwork, stimulate innovative thinking, and bring more effective solutions. We believe that the diversity of skills, experiences, styles and backgrounds of employees will contribute to business innovation, transformation and long-term growth. The Group strives to create opportunities for people with different backgrounds and abilities, encourages middle-aged and retired people to return to work, and provides employment opportunities for older people. We hope that by gradually raising employee awareness, employees can be more flexible and adapt to work together with people of different backgrounds and abilities.

Talent Development and Cultivation

Affected by the external and internal environment, the catering industry is facing the challenge of talent shortage. Therefore, it is particularly important to absorb and establish a sustainable talent echelon. The Group is committed to constructing and improving the talent development and training system, formulating the "Training and Talent Development Policy" and corresponding strategies. By setting annual targets and through performance appraisals, we assist and encourage employees to determine, review and formulate personal development plans, as well as to review and allocate suitable development opportunities.

Nurturing the next generation

To attract and develop young talents to join the catering industry, the Group supports recruitment days at local universities and provides internship and employment opportunities for university students and graduates. During the Reporting Period, we cooperated with the Hong Kong Metropolitan University and recruited 9 interns, who were assigned to different departments of the headquarters, including the personnel department, finance department, information technology department and operation department, etc., where they learnt the daily operation of the office through the guidance of the department head.

Supporting the employment of the elderly

The Group values experienced and capable people and supports the "Employment Program for the Elderly and Middle-aged" of the Labor Department to provide job opportunities for older people and encourage middle-aged and retired people to work again. During the Reporting Period, the Group provided employment opportunities to more than 700 people over the age of 50.

The Group firmly believes that only by providing comprehensive training and continuous development opportunities can an excellent talent team be created. We continue to provide professional training and refresher courses to employees with different work experience to ensure that the talent echelon has the required knowledge and skills, and create a culture of internal promotion to maintain competitiveness for long-term development. To cater for the needs of employees at different levels and positions, we have developed a series of internal and external training activities, including but not limited to new staff training, professional knowledge, professional skills, occupational safety and health education, so that every employee can continue to grow within the Group. Based on the latest laws and regulations, technological developments, market and product trends, as well as changes in customer preferences, we regularly update the training content to ensure that it meets the changing needs of our stakeholders.

Overseas exchange programme

During the Reporting Period, the Group provided overseas study opportunities for employees to go to Korea and Japan to understand the local food culture and learn related cooking skills, including traditional Korean food, fried chicken, izakaya and coffee, as well as Japanese coffee and tea in a kissaten.

During the Reporting Period, the Group employed a total of 1,988 employees and provided 7,144 hours of training to 890 employees. For employment and training data, please refer to the "Performance Overview" in the appendix.

Employee Safety and Health

Ensuring the health and safety of employees is the Group's responsibility and top priority. To achieve effective occupational safety and health management, we have in place a 5S Management Manual, Risk and Safety Handbook and a safety management system to standardize occupational safety and health risk assessment, prevention and control, safety equipment and measures, safety training and emergency handling, etc. The Group's safety policy team (composed of representatives from different departments of the Group) and internal safety teams of branches (composed of managers, supervisors and manager-level representatives of the branch) are responsible for supervising occupational safety and health management at the group and branch operation levels respectively.

In order to strengthen the management of potential safety hazards and risks faced by employees in their daily work, we regularly conduct environmental and safety reviews, including identifying potential hazards, assessing risks in different positions, recording and reviewing assessments results and so on to ensure that our workplace maintains the safety and health standards. If any problems or risks are found during the review process, we will formulate corresponding plans to correct the problems and eliminate risks, and continuously improve the safety management measures.

For different workplaces and positions, we have formulated a series of safety guidelines, such as the "Working Safety Rules for Occupational Safety and Health", guidelines for using gas stoves, fire hazard safety guidelines and personal hygiene guidelines, etc.. All employees are required to follow relevant safety working procedures and rules, and wear appropriate protective equipment correctly to protect employees from occupational hazards.

The Group has established a response mechanism for emergencies and emergencies. The "Risk and Safety Handbook" lists the response and handling procedures for relevant incidents, as well as emergency contact methods, so as to assist employees in dealing with accidents of different severity. In the event of work-related accidents or violations of work safety protocols, we will investigate and, if necessary, take corrective measures to prevent similar accidents from happening in the future.

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

Building a workplace safety culture

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

In the past three reporting years (including the current Reporting Period), the Group had no work-related fatal accidents. During the Reporting Period, there were 20 reported work-related injuries and 4,815 lost working days due to work-related injuries. According to our records of accidents or safety incidents, the main causes of industrial injury cases are accidents such as cuts, burns and falls. All injured employees have received prompt medical treatment and work injury leave. The Group strives for continuous improvement by analyzing past performance data, reviewing the effectiveness of its safety management system and making timely adjustments. We closely monitor relevant data to better fulfil our commitment to maintaining the health and safety of employees.

Safety measures for pandemic prevention

In the past year, despite the continued slowdown and stabilisation of the outbreak, we have not slackened our efforts in implementing safety and hygiene measures. Apart from cleansing and disinfecting our offices and restaurants, we continue to distribute anti-virus materials to our staff to safeguard their health. At the same time, we provide them with regular testing and daily checking of staff temperature, and adopt special working arrangements, such as separation of office and employees' lunch areas, to minimise the risk of virus transmission and infection.

COMMUNITY CARE

The Group has always been committed to fulfilling its corporate social responsibilities. By understanding the needs of the communities where it operates, it conducts community investment activities such as sponsorship and donations, helping citizens in need and giving back to the society. We have formulated the "Community Investment Policy", following the six principles listed in the policy as the basis for planning and participating in community activities. Relevant principles help the Group ensure that resource allocation and decision-making related to community activities are in line with the needs and conditions of the communities in which it operates, and that activities are community-inclusive, sustainable and socially beneficial.

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

We have a volunteer team, the "Positive Energy Team", which takes advantage of the Group's presence in various districts in Hong Kong to act as a bridge between the Group and the community, actively planning and participating in volunteer and community activities to serve the residents of the districts. During the Reporting Period, the number of volunteers of the Group increased to 70, contributing 48 volunteer hours in the fields of education and health, and donating HK$38,700 and more than 9,000 festive foods, including mooncakes, rice cakes and rice dumplings, to those in need.

Group of service	Program	Event
Community residents	Distributing masks	We delivered face masks to community groups during the pandemic for distribution to residents in need
The elderly	Care-On-Call service for elderly people with volunteers	We recruited volunteers to participate in the Care-On-Call Service for Elderly People organized by the Senior Citizen Home Safety Association. Volunteers help alleviate the loneliness and anxiety of the elderly during the pandemic by communicating with the elderly on the phone, and provide psychological support and care
	Chinese New Year rice cake sponsorship	We sponsored 1,200 rice cakes for the elderly center during the Chinese New Year, so that the recipients can feel the festive atmosphere
	"Rice Dumpling" companionship program	We made a donation to support the "Rice Dumpling" companionship program of the Senior Citizen Home Safety Association
	Mid-Autumn Festival mooncake sponsorship	We donated Mid-Autumn mooncakes to several elderly centers to help the elderly in need during the Mid-Autumn Festival
Families and people in need	Mid-Autumn Festival mooncake sponsorship	We sponsored mooncakes to charities during the Mid-Autumn Festival, sending blessings to families and people in need
New arrivals and ethnic minorities	Dragon Boat Festival rice dumpling sponsorship	We gifted 2,000 rice dumplings to charity organizations to care for and support those in need

PUTTING CUSTOMERS FIRST

Customer support and satisfaction is the core of our business. At Fulum Group, we are committed to putting customers first and adhering to the spirit of "The Rationale of Three Excellence – Excellent Supply, Excellent Service, and Excellent Environment". We constantly listen to customer feedback and suggestions and continue to improve and adjust our products and services to meet the ever-changing needs and provide a better service experience.

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

Responsible Procurement

The Group values responsible procurement and ensures that the suppliers' performance meets the Group's expectations. We set Fulum Group Supply Chain Management Policy, Sino Rank Logistics Management System, and Fulum Group Environmental Policy as our key policies and daily guidelines for procurement and supply chain management, and we require suppliers to meet expectations in the four major areas: compliance, being people-oriented, ethics and business conduct, and environmental responsibility. We adopt a risk-based approach and regularly identify and assess the risk of sustainable development by category, project and supplier level at every stage of the procurement cycle. Factors considered during the assessment include country of origin, product/service, industry/category, compliance, labor standards, health and safety, governance and business ethics, environment and other risks. Sino Rank Logistics Management System sets out the system of supplier selection and evaluation, procedures and responsibilities of relevant departments to minimize the risk of the supply chain.

Screening

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

Engagement

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

Assessment

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

In order to minimize the environmental risk in our supply chain, we set out in Fulum Group Environmental Policy that we need to consider the environmental performance of suppliers when purchasing goods or services. We prioritize suppliers who have addressed environmental issues and actively taken steps to minimize their impact on the environment, and we choose local suppliers as much as possible. At the same time, the Group will adopt "4R" (Reduce, Reuse, Recycle and Replace) in the life cycle of goods as one of the procurement principles. The Group participated in the "Green Purchasewise Performance Scheme" launched by the Hong Kong Federation of Restaurants & Related Trades (the "HKFORT") and supported the "Hong Kong Green Purchasing Guidelines for Food and Beverage Sector" formulated by the HKFORT and the Green Council to promote green procurement.

During the Reporting Period, the Group had a total of 175 suppliers in Hong Kong and Mainland China. All suppliers were engaged in accordance with the internal practices related to suppliers. The Group will further review the environmental and social risks in the supply chain and review and adjust relevant management policies and measures in order to control relevant risks more effectively.

Food Quality and Safety

The Group places importance on food safety. We control the quality of food and products through a series of internal policies, the management system and food safety management system, and through regulating the supply chain, production and transportation processes. Fulum Group's central kitchen and logistics center has obtained international standard certifications such as ISO 22000 and HACCP. We adhere to the "5S" management technique and set the "5S" Approach as the guideline for our employees to carry out the "5S" work. The Group has established the 5S Committee, and its members and the frontline management of its branch will conduct monthly food safety meetings to review food safety. In addition to regular internal assessment and monitoring, we provide relevant training activities to our employees, and we review and improve the training content to ensure that quality and safety standards are implemented.

The quality of food ingredients from suppliers is the first line of defense for the Group's food quality. The Group's Sino Rank Logistics Management System sets out in detail the processes of and requirements for material acceptance, storage, logistics and distribution, food production and hygiene management, as well as the responsibilities of relevant personnel. The Group's Food Hygiene Code sets out the requirements for restaurants and central kitchens in respect of the surrounding environment, handling of ingredients and food, cleansing, sanitization and maintenance of equipment and utensils, employee hygiene, etc.

Materials

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

Distribution

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

Restaurants

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

We have a food tracking and recycling program to handle food ingredients or semi-finished products, as well as finished products. Upon receiving a food safety case, the Group will immediately notify the affected customer and cease the production of relevant products until the root cause of the problem is identified and the food safety issue is confirmed to be rectified. By then, production can be resumed. During the Reporting Period, the Group did not recall any products for safety and health reasons.

OmniPork Luncheon Meat

Braised OmniPork Ball
in Brown Sauce

OmniPork Luncheon Meat Strips
Army Stew Ramen

Typhoon Shelter Style
Omni Classic Fillet

Sautéed Vermicelli with Spicy
Minced OmniPork

Promoting healthy and green diet

With a growing number of customers pursuing healthy and environmentally-friendly diets, we have introduced healthy and green foods under different brand lines. The "Fulum" series supports the scheme of "EatSmart Restaurant" by offering at least 5 "More Fruit and Vegetables" dishes and "3 Less" (less fat or oil, salt and sugar) dishes every day. In addition to offering vegetarian meal discounts at some restaurants, a number of our restaurants are launching new dishes made with "OmniPork" plant-based meat to provide more choices for vegetarian customers, promote low-carbon diet and reduce customers' carbon footprint.

- Korean Style – "OmniPork Luncheon Meat", "OmniPork Luncheon Meat Bibimbap", "OmniPork Luncheon Meat Strips Army Stew Ramen", "Fried OmniPork Luncheon Meat Strips", "Glass Noodles Stir-Fried with Shredded OmniPork"
- Thai Style – "Pineapple OmniPork Fried Rice"
- Japanese Style – "Tamago and OmniBeef burger Donburi"
- Chinese Style – "Typhoon Shelter Style Omni Classic Fillet", "Sautéed Vermicelli with Spicy Minced OmniPork", "Braised OmniPork Ball in Brown Sauce"

Promoting hormone- and preservative-free products

In recent years, customers have become increasingly concerned about the chemical components such as hormones and preservatives contained in food. We have carefully selected the raw ingredients for and added no preservatives to our Chinese New Year dessert products, and at the same time we introduced various "hormone-free" products into supermarkets to provide customers with healthier choices of food ingredients.

Customer Experience

High-quality service and excellent customer experience are our top priorities. We enhance our customers' experience by providing a wide range of food and products, excellent catering services and comfortable dining environments, and by utilizing intelligent technology.

Diversification of food and products

Our restaurant brands include the "Fulum (富臨)" line, the "Sportful Garden (陶源)" line, and the "Fulum Concept (概念)" line. We offer a wide range of food choices and regularly update menu combinations to satisfy different tastes and needs of our customers. During the pandemic, customers had more time to cook and dine at home, which led to the continuous market demand for high quality vegetarian ingredients. Our supermarkets source popular and high-quality vegetarian ingredients and products from all over the world, such as premium frozen meats, direct-delivered seafood, fresh fruits and vegetables, as well as grains and oils, etc. We also provide online shopping services for customers to buy fresh ingredients anytime and anywhere. In the future, we will actively introduce multinational franchise brands, create multi-scene services for catering, and expand our online and offline retail brands to bring more surprises to our customers.

Dining experience

Through the use of technology, we strive to create a better dining experience for our customers. Our self-ordering kiosk, QR code system and mobile application provide customers with a faster and more convenient ordering experience, which reduces wait times and unnecessary contact and is more hygienic. In addition, customers can pay by various electronic means. Some restaurants use delivery robots to deliver food directly to the customer's seat. We will continue to innovate and improve customers' dining experience through digitization in the future.

Barrier-free access experience

We care about the dining experience of people with different needs. Our restaurants are designed to be comfortable, convenient and barrier-free, and we welcome guide dogs to enter, making it easier for the disabled and the visually impaired to get in and out of the restaurant to enjoy their meals. At the same time, our employees will pay attention to the needs of all customers and do their best to assist those in need.

We have high-quality operational systems and guidelines to control the quality of our customer service. Customers can provide feedback through multiple channels, including restaurant hotlines, suggestion boxes, websites and social media, allowing the Group to better understand customer needs and feedback. The Group summarizes and analyzes complaint cases on a monthly basis to understand the deficiencies and formulate improvement plans accordingly. At the same time, employees are required to participate in service quality enhancement training regularly to improve service quality.

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

During the Reporting Period, the Group received a total of 259 complaints mainly related to food, products and marketing. We have followed up and handled all the complaints immediately, and the customers concerned have accepted the solutions proposed by the Group.

GREEN SOURCE

The global community is facing unprecedented threats from environmental risks, including climate change, extreme weather, resource scarcity and environmental damage. In order to cope with these global challenges, governments are accelerating the pace of low-carbon economic transformation and launching relevant strategies, targets and policies. The Group is aware of the potential adverse impacts of its business on the environment and is committed to proactively seeking more sustainable development and operating models to reduce its environmental footprint in response to the Hong Kong Government's target of achieving carbon neutrality by 2050.

We have established the "Environmental Policy" to provide guidance to our business units on the management of greenhouse gases, emissions and sewage discharges, waste materials, energy, water resources, etc., with a view to minimising the impact of our operations on the environment and natural resources. We are committed to promoting an environmentally friendly culture among our stakeholders, including employees, business partners and customers, and encouraging them to put it into practice in their daily operations and lives. The Group's environmental performance will be continually measured and reviewed in order to set environmental targets for emission reduction, waste reduction, energy, water resources, etc.

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

Addressing Climate Change

Climate change is one of the most influential environmental crises in the world, and it is crucial for the whole community to work together to address climate change. The Board attaches importance to climate change related issues and monitors the updating of relevant policies and regulations as well as the industry's response strategies through regular meetings with the Environment, Social and Governance Committee. The Group endeavours to reduce carbon emissions from its business operations and enhance the efficient use of natural resources to contribute to the mitigation of climate change. With the increasing frequency of extreme weather events, we have set out our emergency and contingency procedures in the "Risk and Safety Handbook", and our work arrangements during typhoon and rainstorm warnings are also set out in the "Special Arrangement under Storm/Black Rainstorm Warning Signal for Office" to ensure staff safety and minimise losses to our daily operations.

We are still at the initial stage of our efforts in addressing climate change and will progressively take forward the following actions to enhance the resilience and adaptability of our business operations to climate change:

- developing climate change policies and improving climate change related governance structures
- assessing climate-related physical and transformational risks and opportunities and their impact on our business
- developing strategies and actions to address the significant climate risks and opportunities identified
- reporting according to the disclosure recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") structure

Management of Emissions

Greenhouse Gas ("GHG")

As a core component of our response to climate change, we continuously monitor our performance data and endeavour to reduce and control carbon emissions at source through various emission reduction and resource management measures as described in the following sections.

During the Reporting Period, the Group's total GHG emissions were 26,053.3 tonnes of CO_2 equivalent, of which 65.7% was indirect GHG emissions generated from the purchased electricity under scope 2 and 22.7% was direct GHG emissions from a stationary source of fossil fuel combustion under scope 1. As the impact of the pandemic eased during the Reporting Period, the Group's turnover has increased compared to the previous Reporting Period, resulting in a 2.5% increase in the total GHG emissions compared to the previous Reporting Period, while the GHG emissions intensity has decreased by 10.2%.

	Unit	2023[1]	2022	Change
GHG Emissions				
Scope 1 – Direct GHG Emissions[2]	**tonnes of CO_2 equivalent**	**7,263.2**	**7,219.3**	**+0.6%**
Fossil fuel combustion – stationary source	tonnes of CO_2 equivalent	5,923.5	5,887.9	+0.6%
Fossil fuel combustion – mobile source	tonnes of CO_2 equivalent	103.2	128.6	-19.7%
GHG emitted by equipment and system during operation	tonnes of CO_2 equivalent	1,236.5[3]	1,202.8	+2.8%
Scope 2 – Energy Indirect GHG Emissions[4]	**tonnes of CO_2 equivalent**	**18,456.8**	**17,577.4**	**+5.0%**
Electricity purchased from power companies	tonnes of CO_2 equivalent	17,111.8	16,239.0	+5.4%
Town gas purchased from gas companies	tonnes of CO_2 equivalent	1,345.1	1,338.4	+0.5%
Scope 3 – Other indirect GHG emissions[5]	**tonnes of CO_2 equivalent**	**333.3**	**621.8**	**-46.4%**
Methane produced by waste paper in landfills in Hong Kong	tonnes of CO_2 equivalent	115.3	246.4	-53.2%
GHG emissions from electricity consumption in freshwater treatment by the Water Supplies Department	tonnes of CO_2 equivalent	147.8	274.6	-46.2%
GHG emissions from electricity consumption in wastewater treatment by the Drainage Services Department	tonnes of CO_2 equivalent	70.1	100.8	-30.4%
Total GHG emissions (Scope 1, 2 and 3)	**tonnes of CO_2 equivalent**	**26,053.3**	**25,418.5**	**+2.5%**
GHG intensity[6] (by Hong Kong's turnover)	tonnes of CO_2 equivalent/ HK$ million	16.83	18.74	-10.2%

1 The calculation of GHG emissions is based on "How to prepare an ESG Report, Appendix 2: Reporting Guidance on Environmental KPIs" issued by Hong Kong Exchanges and Clearing Limited.
2 Scope 1 is generated from the consumption of LPG and town gas in kitchen stoves, vehicle diesel and petrol.
3 As accurate raw data of refrigerant used in the operation of equipment and system was not available during the Reporting Period, the Group estimated the amount of refrigerant used and the related GHG emissions based on the actual operating conditions.
4 Scope 2 is generated from the consumption of purchased electricity and town gas.
5 Scope 3 is generated from water and sewage treatment, paper used in office and restaurants.
6 Use Hong Kong's turnover to calculate intensity data and update the intensity date of 2022 for comparison.

Air Pollutants

The air pollutant emissions of the Group mainly came from kitchen equipment and vehicles of the logistics fleet. All of our restaurants have implemented measures to control the emission of smoke from kitchen equipment, including the installation of purifying facilities and venting equipment in the Group's kitchen equipment to control the emissions of oily fume. In logistics, we reduced fuel consumption through planning and optimising transport routes. During the Reporting Period, the air emissions generated by the Group included 789.3 kg of nitrogen oxides, 2.8 kg of sulphur oxides and 34.3 kg of respirable suspended particulates.

	Unit	2023[7]	2022	Change
Air Pollutant Emissions				
Nitrogen oxides	kg	789.3	3,104.0	-74.6%
Sulphur oxides	kg	2.8	3.0	-5.0%
Respirable suspended particulates	kg	34.3	263.1	-87.0%

Waste Management

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

General waste

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

Waste oil

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

Food waste

- Improve operational procedures and production processes to instil good behaviours in staff to reduce food waste
- Provide portion size options to encourage customers to change their behaviour and reduce leftovers

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

Participation in the "Food Wise Eateries" Scheme

The "Food Wise Eateries" Scheme was launched by the Environmental Protection Department of Hong Kong to encourage restaurants to implement green measures and work with customers to reduce food waste at source. Certain restaurants of the Group under the "Fulum (富臨)" main brand and the "Sportful Garden (陶源)" main brand were awarded the Silver Class in the "Food Wise Eateries" Scheme. The relevant restaurants reduce waste by offering portion sizes so that customers can order food according to their needs and are encouraged to take leftovers away.

Food recycling and donation scheme

The Group launched the Festive Food Recycling and Donation Scheme to encourage the public to reduce waste and contribute to the environment. The scheme includes mooncake donation and mooncake box recycling activities, as well as collaboration with various non-profit organisations to donate mooncakes and soon-to-expire goods to more than 10 organisations. We also launched a donation scheme at supermarkets to deliver soon-to-expire goods to Food Angel.

During the Reporting Period, 90.3 tonnes of waste oil were produced at an intensity of 0.06 tonnes/HK$ million, representing an increase of 25.2% and 12.9% respectively over the previous Reporting Period. For other waste materials, as the property management companies of the respective operating sites are responsible for collecting and treating them in a centralised manner, the Group is not able to provide detailed data on hazardous and non-hazardous waste materials for the time being. We are in the process of collecting hazardous and non-hazardous waste data from each of our operating sites for further analysis and disclosure, as well as for setting waste reduction targets.

Management of Resources

The main resources used by the Group included town gas, electricity, water, paper used for order-taking and menus, as well as takeaway tableware and utensils. The Group is committed to improving the efficient use of resources. All employees are required to comply with the environmental protection measures set out in the "Environmental Policy", the "Internal Operation Management System" and the "Consumption Reduction Management" to ensure the rational use of resources at each of the operating sites. To effectively monitor and review the use of resources, the Group implemented the "Consumption Reduction Management" to formulate standardised consumption reduction data to assess the consumption of electricity, town gas and consumables of each department in restaurant branches on a monthly basis. The Internal Audit Department (Operation) is responsible for evaluating the reasonableness in the resources usage based on the consumption data. If the performance of a shop fails to meet the standard, the Group will schedule a meeting with the shop manager to analyse the cause, or the Internal Audit Department (Operation) will conduct an inspection at the shop and discuss measures for improvement.

Energy

Energy consumption is the main cause of greenhouse gas emissions. In order to optimise the efficiency of energy use, the Group continuously reviews and improves its operational and production processes, promotes energy saving measures among its employees and implements energy saving management for major energy-consuming electrical equipment. We will continue to seek new energy-saving solutions to further enhance energy efficiency.

Logistics	• Plan and optimise transport routes to reduce fuel consumption
Restaurants	• Adopt more energy-efficient kitchen equipment such as energy-saving dishwashers, smart electric frying pans, electric cookers, steam cabinets, etc. to save electricity and reduce fossil fuel consumption • Conduct regular maintenance of kitchen equipment to ensure its proper functioning and reduce energy waste • Adjust air-conditioning temperature according to the season • Upgrade conventional lighting to LED lighting to reduce electricity waste
Offices	• Switch off unnecessary electrical equipment, reduce air-conditioning usage time, etc. • Adjust air-conditioning temperature according to the season • Upgrade conventional lighting to LED lighting to reduce electricity waste

During the Reporting Period, the Group's total energy consumption amounted to 72,722.4 MWh, which was mainly derived from electricity and gas for operations, representing an increase of 5.5% as compared to the previous Reporting Period, which was mainly attributable to the increase in turnover as a result of the easing of the COVID-19 pandemic. Energy intensity was 0.05 MWh/HK$ thousand turnover, a decrease of 50.8% compared to the previous Reporting Period.

	Unit	2023	2022	Rate
Total Energy Consumption				
Direct energy	MWh	31,235.0	31,129.7	+0.3%
Diesel	MWh	419.0	487.8	-14.1%
LPG	MWh	521.5	493.5	+5.7%
Gas	MWh	30,294.6	30,145.0	+0.5%
Indirect energy	MWh	41,487.4	37,810.2	+9.7%
Purchased electricity	MWh	41,487.4	37,810.2	+9.7%
Total energy consumption	MWh	72,722.4	68,939.9	+5.5%
Energy intensity[8] (by Hong Kong's turnover)	MWh/HK$ thousand	0.05	0.10	-50.8%

Water Resources

Water resources are critical to our daily operations. Although we have not encountered any problem in obtaining water, we recognise that the risk of a global water crisis is looming and water conservation is particularly critical. The Group has established stringent regulations on the use of water resources. Through continuous review and adjustment of operational procedures and production processes, such as the use of highly efficient defrosting devices, as well as raising the awareness of our employees on water conservation, the Group aims to minimise wastage of water resources and enhance water efficiency. The Group's total water consumption during the Reporting Period was 493,409 cubic metres, representing a decrease of 25.1% as compared to the previous Reporting Period. The water consumption intensity was 0.32 cubic metres/HK$ thousand turnover, representing a decrease of 34.1% as compared to the previous Reporting Period.

	Unit	2023	2022	Rate
Total water consumption				
Total water consumption	cubic metre	493,409	658,559	-25.1%
Water consumption intensity[9] (by Hong Kong's turnover)	cubic metre/HK$ thousand	0.32	0.49	-34.1%

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

9 Use Hong Kong's turnover to calculate intensity data and update the intensity date of 2022 for comparison

Packaging Materials

The Group endeavours to minimise the use of packaging materials and adopt sustainable packaging materials such as paper, sugar cane pulp and other biodegradable and fully-degradable materials. In order to reduce plastic pollution, we have gradually phased out disposable plastic tableware and utensils at all our operation sites and switched to more environmentally-friendly or reusable tableware and utensils to avoid or reduce the use of plastic. During the Reporting Period, the total volume of packaging material used by the Group was 15.7 tonnes and the intensity of packaging material used was 0.01 tonnes/HK$ million.

Takeaway tableware and utensils

Use sugar cane drinking straws instead of plastic ones

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

Introduce biodegradable lunch boxes and containers made of plant fibre

Provide reusable takeaway insulated bags Product packaging

Product packaging

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

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

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

APPENDIX

Performance Overview

Environmental Performance[10]

	Unit	2023	2022	2021
Air pollutants				
Nitrogen oxides	kg	789.3	3,104.0	1,591.8
Sulphur oxides	kg	2.8	3.0	2.8
Respirable suspended particulates	kg	34.3	263.1	119.5
Greenhouse gas emissions				
Scope 1[11]	tonnes of CO_2 equivalent	7,263.2[12]	7,219.3	6,332.2
Scope 2[13]	tonnes of CO_2 equivalent	18,456.8	17,577.4	15,512.1
Scope 3[14]	tonnes of CO_2 equivalent	333.3	621.8	524.4
Total GHG emissions (Scope 1, 2 and 3)	tonnes of CO_2 equivalent	26,053.3	25,418.5	22,368.7
GHG intensity (by Hong Kong's turnover)	tonnes of CO_2 equivalent/ HK$ million	16.83	18.74	21.10
Non-hazardous waste				
Total non-hazardous waste	tonnes	90.3	72.1	64.9
Non-hazardous waste intensity (by Hong Kong's turnover)	tonnes/HK$ million	0.060	0.053	0.061
Energy				
Direct energy	MWh	31,235.0	31,129.7	27,025.9
Indirect energy	MWh	41,487.4	37,810.2	37,067.5
Total energy consumption	MWh	72,722.4	68,939.9	64,093.4
Energy intensity (by Hong Kong's turnover)	MWh/HK$ thousand	0.05	0.10	0.12
Water resources				
Water consumption in total	cubic metre	493,409	658,559	506,583
Water consumption intensity (by Hong Kong's turnover)	cubic metre/HK$ thousand	0.32	0.49	0.48

10 Use Hong Kong's turnover to calculate intensity data and update the density data of 2022 and 2021 for comparison.
11 Scope 1 is generated from the consumption of LPG and town gas in kitchen stoves, vehicle diesel and petrol.
12 As accurate raw data of refrigerant used in the operation of equipment and system was not available during the Reporting Period, the Group estimated the amount of refrigerant used and the related GHG emissions based on the actual operating conditions.
13 Scope 2 is generated from the consumption of purchased electricity and town gas.
14 Scope 3 is generated from water and sewage treatment, paper used in office and restaurants.

APPENDIX *(continued)*

Performance Overview *(continued)*

Environmental Performance[10] *(continued)*

	Unit	2023	2022	2021
Packaging material				
Total packaging material used	tonnes	15.7	30.5	24.9
Intensity of packaging material used (by Hong Kong's turnover)	tonnes/HK$ million	0.01	0.02	0.02

Social Performance

Number of employees		Number	Rate
By gender	Male	780	39.2%
	Female	1,208	60.8%
By rank	Top management	9	0.5%
	Senior management	40	2.0%
	Middle management	487	24.5%
	General staff	1,452	73.0%
By age group	30 or below	473	23.8%
	31-40	280	14.1%
	41-50	441	22.2%
	51 or above	794	39.9%
By employment type	Full-time	1,941	97.6%
	Part-time	47	2.4%
By region	Hong Kong	1,734	87.2%
	Mainland China	254	12.8%
Total		1,988	–

New hires		Number	Average monthly rate of new hires
By gender	Male	198	2.1%
	Female	296	2.0%
By age group	30 or below	188	3.3%
	31-40	92	2.7%
	41-50	102	1.9%
	51 or above	112	1.2%
By region	Hong Kong	327	1.6%
	Mainland China	167	5.5%
Total		494	2.1%

Employee turnover		Number	Average monthly turnover rate
By gender	Male	746	8.0%
	Female	838	5.8%
By age group	30 or below	485	8.5%
	31-40	233	6.9%
	41-50	336	6.3%
	51 or above	530	5.6%
By region	Hong Kong	1,391	6.7%
	Mainland China	193	6.3%
Total		1,584	6.6%

Occupational health and safety	2023	2022	2021
Reported cases of work injury	20	20	15
Lost days due to work injury	4,815	3,760	2,447
Number of work-related fatalities	0	0	0

Employees trained		Number	Rate
By gender	Male	363	46.5%
	Female	527	43.6%
By rank	Top management	9	100%
	Senior management	40	100%
	Middle management	145	29.8%
	General staff	696	47.9%
Total		890	44.8%

Number of employees receiving training		Total hours	Average hours
By gender	Male	3,266	4.19
	Female	3,878	3.21
By rank	Top management	468	52.00
	Senior management	456	11.40
	Middle management	1,140	2.34
	General staff	5,080	3.50
Per employee		7,144	3.59

Suppliers		Number
By region	Hong Kong	170
	Mainland China	5
Total		175

ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosure and KPIs	Content	Page Index/ Remarks
Mandatory disclosure requirement		
Governance Structure	(i) a disclosure of the board's oversight of ESG issue. (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses). (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	37-39
Reporting Principles	Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	33-34
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	33
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	41, 59
A1.1	The types of emissions and respective emissions data	62, 67
A1.2	Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions in total and intensity	61, 67

A1.3	Total hazardous waste produced and intensity	63, 67
A1.4	Total non-hazardous waste produced and intensity	63, 67
A1.5	Description of the established emission targets and the steps adopted to meet these targets.	59-66
A1.6	Description of how hazardous and non-hazardous wastes are handled, and description of the established waste reduction targets and the steps adopted to meet these targets.	59, 62-63, 66
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	59, 63
A2.1	Direct and/or indirect energy consumption by type in total and intensity	65, 67
A2.2	Water consumption in total and intensity	65, 67
A2.3	Description of the established energy use efficiency targets and the steps adopted to meet these targets	59, 63-64
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, and the established use of water efficiency targets and the steps adopted to meet these targets	59, 63, 65
A2.5	Total packaging materials used for finished products and with reference to per unit produced	66
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	59, 63
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	66
A4 Climate Change		
General Disclosure	Policies on identifying and addressing significant climate issues that had and will have impacts on the issuer	59-60
A4.1	Description of significant climate issues that had and will have impacts on the issuer, and responsive actions	60

B1 Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	41, 47-48
B1.1	Total workforce by gender, employment type, age group and geographical region	68
B1.2	Employee turnover rate by gender, age group and geographical region	69

B2 Health and Safety

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to providing a safe working environment and protecting employees from occupational hazards	41, 47, 50-51
B2.1	Number and rate of work-related fatalities per year over the last 3 years (including the Reporting Year)	51, 69
B2.2	Lost days due to work injury	51, 69
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	50-51

B3 Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	47, 49-50
B3.1	The percentage of employees trained by gender and employee type	70
B3.2	Average hours of training per employee by gender and employee type	70

B4 Labour Standards

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to preventing child and forced labour	41, 44, 46
B4.1	Description of measures to review employment practices to avoid child and forced labour	46
B4.2	Description of the steps adopted in relation to the elimination of identified irregularities	46

B5 Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain	54-55
B5.1	Number of suppliers by geographical region	70
B5.2	Description of practices related to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	54-55
B5.3	Description of practices related to identifying environmental and social risks of each session of the supply chain, and how they are implemented and monitored	54-55
B5.4	Description of practices related to encouraging frequent use of environmentally-friendly products and services during selection of suppliers, and how they are implemented and monitored	54-55

B6 Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to health and safety, advertising, labelling and privacy matters related to products and services provided and methods of redress	41, 44, 54-56, 59
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	56
B6.2	Number of complaints received regarding products and services and how they are dealt with	59
B6.3	Description of practices related to observing and protecting intellectual property rights	45-46
B6.4	Description of quality assurance process and recall procedures	56
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	45-46

B7 Anti-corruption

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to bribery, extortion, fraud and money laundering	41, 44
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	41
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	44-45
B7.3	Description of anti-corruption trainings provided to directors and employees	45

B8 Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	47, 52
B8.1	Focus areas of contribution	52-53
B8.2	Resources contributed to the focus area	52-53

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

Further discussion and analysis of the performance and position of the Group's business during the year ended 31 March 2023, using financial key indicators, as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 8 to 13 of this annual report. The discussion forms part of this Directors' report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2023 and the Group's financial position at that date are set forth in the financial statements on pages 99 to 101.

The Directors recommended a final dividend of HK$0.3 cents per ordinary share, totalling approximately HK$3,900,000, in respect of the year to shareholders whose names appear on the register of members on Thursday, 5 October 2023. The proposed final dividends for the year ended 31 March 2023 have been approved at the Company's board meeting on 28 June 2023. The proposed final dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Details of the dividends for the year ended 31 March 2023 are set forth in note 14 to the financial statements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 25 September 2023 to Thursday, 28 September 2023, both days inclusive, during which period no transfer of shares of the Company (the "**Shares**") will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming annual general meeting. In order to be eligible to attend and vote at the annual general meeting, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 22 September 2023.

In addition, subject to the approval of shareholders at the meeting, the final dividend will be payable on or about 19 October 2023 to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Thursday, 5 October 2023, and the register of members of the Company will be closed from Friday, 6 October 2023 to Monday, 9 October 2023, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 5 October 2023 for registration.

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

The net proceeds from the initial public offering and listing of Shares (the "**Listing**") on the Main Board of the Stock Exchange on 13 November 2014 (the "**Listing Date**"), after the deduction of related issuance expenses, amounted to approximately HK$431.8 million. During the period from the Listing to 31 March 2023, the net proceeds from the Listing were utilised in accordance with the proposed applications set out in the prospectus of the Company dated 4 November 2014 (the "**Prospectus**") as follows:

Intended use of the net proceeds as stated in the Prospectus	**Planned use of proceeds** *(Note)* *(HK$' million)*	**Proceeds utilised during the year ended 31 March 2023** *(HK$' million)*	**Actual use of proceeds up to 31 March 2023** *(HK$' million)*	**Unutilised amount as at 31 March 2023** *(HK$' million)*
Opening of new restaurants under "Fulum (富臨)" main brand and under "Sportful (陶源)" main brand	172.7	–	172.7	–
Opening of specialty cuisine restaurants under "Concept line (概念線)"	64.8	–	64.8	–
Opening of restaurants in the PRC	86.3	–	86.3	–
Renovation and refurbishment of existing restaurants and headquarter, upgrade of our central kitchen and logistics center in Hong Kong and upgrade of our information technology systems	64.8	–	64.8	–
Acquisition of, or forming strategic alliances with, other brands or restaurants when suitable opportunities arise	21.6	3.2	6.4	15.2
General working capital	21.6	–	21.6	–
Total	431.8	3.2	416.6	15.2

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

As at 31 March 2023, approximately HK$15.2 million of the net proceeds from the Listing (the "**Unutilised Net Proceeds**") was unutilised which was intended to be used in acquisition of, or forming of strategic alliances with, other brands or restaurants. The Company intends to apply the Unutilised net proceeds in accordance with the disclosed use of proceeds in the Prospectus. As the Group is still in the course of exploring and identifying suitable opportunities for acquisitions of, or forming of strategic alliances with, other brands or restaurants, there was a delay in utilizing the Unutilised net proceeds. It is expected that the Unutilised Net Proceeds would be fully utilized on or before 31 March 2024.

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five years, as extracted from the audited consolidated financial statements, is set out on page 162 of this annual report. This summary does not form part of the audited financial statements.

SHARE CAPITAL

As at 31 March 2023, the Company had 1,300,000,000 Shares of HK$0.001 each in issue (31 March 2022: 1,300,000,000 Shares of HK$0.001 each).

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

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group generally financed its operations with internally generated resources and bank borrowings. As at 31 March 2023, bank borrowings of the Group and the cash and cash equivalent held by the Group were mainly in HK$. For further information on the financial resources of the Group, please refer to the paragraph headed "Financial resources and liquidity" under the management discussion and analysis section of this report.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2023.

PRINCIPAL PROPERTIES

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

Hong Kong

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

As at 31 March 2023, the above properties were used as offices and car parking spaces of the Group.

RESERVES

Details of the movement in reserves of the Group and of the Company during the year are respectively set out on page 102 and note 36 of this annual report. As at 31 March 2023, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$107,923,000.

DIVIDEND POLICY

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

CHARITABLE CONTRIBUTIONS

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

MAJOR CUSTOMERS AND SUPPLIERS

As a restaurant chain, the Company had a large and diversified customer base across Hong Kong and Mainland China and did not rely on any single customer during the year. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. For the year ended 31 March 2023, the five largest suppliers and the single largest supplier of the Group accounted for approximately 36.1% (2022: 26.6%) and 19.2% (2022: 11.0%) of the total purchases of the Group, respectively.

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

DIRECTORS

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

Executive Directors:

Mr. Yeung Wai *(Chairman of the Board)*
Mr. Yeung Ho Wang *(Chief Executive Officer)*
Mr. Yeung Yun Chuen *(resigned with effect from 30 June 2022)*
Mr. Yeung Yun Kei
Mr. Leung Siu Sun
Mr. Yeung Chun Nin *(appointed with effect from 30 June 2022)*

Non-executive Director

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

Independent Non-executive Directors:

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

Pursuant to articles 84(1) and 84(2) of the Articles of Association, Mr. Yeung Ho Wang, Mr. Wong and Mr. Chan will retire as Directors by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

DISCLOSURE OF CHANGE IN DIRECTORS INFORMATION

The change in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Mr. Wu resigned as an executive Director, the chief executive officer of the Group (the "**Chief Executive Officer**") and a member of the Executive Committee, and is re-designated as a non-executive Director and serve as the vice chairman of the Board with effect from 13 January 2023. Mr. Wu also ceased to act as the authorised representative of the Company for the purpose of Rule 3.05 of the Listing Rules and Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Authorised Representative**") with effect from 13 January 2023.

Mr. Wu is entitled to an annual director's fee of HK$960,000 as a non-executive Director. The remuneration of Mr. Wu is determined by the Remuneration Committee with reference to his contributions, experience and relevant duties and responsibilities within the Company.

Mr. Yeung Ho Wang acted as the Chief Executive Officer and the Authorised Representative with effect from 13 January 2023. Following Mr. Yeung Ho Wang's appointment as the Chief Executive Officer, his total annual salary would be HK$1,560,000, plus a discretionary bonus and other benefits, which is determined by the Remuneration Committee with reference to his duties and responsibilities within the Group and the prevailing market conditions, subject to review by the Board and the Remuneration Committee from time to time.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

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

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

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

DIRECTORS' EMOLUMENTS

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

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, no Director nor any entity connected with a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group subsisting during or at the end of the year ended 31 March 2023 to which the Company or any of the Company's subsidiaries was a party.

MANAGEMENT CONTRACTS

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

ENVIRONMENT POLICIES AND PERFORMANCE

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

To the best knowledge, information and belief of the Board and management, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group and there was no material breach of or non-compliance with the applicable laws and regulations by the Group during the year ended 31 March 2023.

RELATIONSHIP WITH EMPLOYEES

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

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

As at 31 March 2023, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Notes:

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

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

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

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

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

Save as disclosed above, as at 31 March 2023, none of the Directors or chief executive had any interest or short position in the Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register that was required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 March 2023, the interests or short positions of the persons, other than Directors or chief executive of the Company, in the Shares and underlying shares of the Company, as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

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

Notes:

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

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

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

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

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

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

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

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

Save as disclosed above, as at 31 March 2023, no person, other than the Directors and chief executive of the Company, had registered an interest or short position in the shares or underlying shares of the Company that was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

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

(1) Purpose

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

(2) Participants

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

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

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

(4) Subscription price for Shares

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

(5) The maximum number of Shares available for issue

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Listing Date (i.e. 130,000,000 Shares) unless shareholders' approval has been obtained. The total number of Shares available for issue under the Share Option Scheme as at 31 March 2023 was 9,912,500 Shares, representing approximately 0.8% of the total issued share capital of the Company as at the date of this annual report.

(6) The maximum entitlement of each participant

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

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

(7) The duration of the Share Option Scheme

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

During the year ended 31 March 2023, there were 16,087,500 share options granted. No share options were exercised and no shares were issued during the year. The total number of options available for grant under the Share Option Scheme was 26,000,000 Shares as at 1 April 2022 and 9,912,500 Shares as at 31 March 2023.

Particulars of the movement of options granted under the Share Option Scheme during the year ended 31 March 2023 are as follows:

Directors

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

Employees

Date of Grant	Capacity	Exercise Price	Outstanding as at 1 April 2022	Granted during the period	Lapsed during the period	Outstanding as at 31 March 2023
18 August 2021	Beneficial Owner	HK$0.2056	63,920,000	–	14,867,500	49,052,500
22 March 2023	Beneficial Owner	HK$0.228	–	15,000,000	–	15,000,000

Notes:

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

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

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

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

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

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

7. The number of Shares that may be issued in respect of options granted under the Share Option Scheme during the year ended 31 March 2023 divided by the weighted average number of the Shares in issue for the year ended 31 March 2023 is 92.37%.

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

9. Share options of 14,867,500 lapsed during the year ended 31 March 2023.

10. No share options were cancelled during the year ended 31 March 2023.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, there was no contract of significance (i) in relation to the Group's business; or (ii) for provision of services to the Company or any of its subsidiaries between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of their respective subsidiaries during the year ended 31 March 2023.

CONNECTED TRANSACTIONS

During the year under review and up to the date of this annual report, the Group entered into the following transactions as described below with persons who are regarded as "connected persons" pursuant to Chapter 14A of the Listing Rules:

The 2021 Connected Tenancy Agreements

On 12 July 2021, certain members of the Group (as lessees) respectively entered into five tenancy agreements (collectively, "**2021 Connected Tenancy Agreements**") with the Lessors (as hereinafter defined), pursuant to which the relevant members of the Group agreed to lease the Premises from the Lessors for a term of 20 months from 1 August 2021 to 31 March 2023 (both days inclusive).

Set out below is a summary of the principal terms of the 2021 Connected Tenancy Agreements:

Premise No.	Lessor *(Note 1)*	Lessee *(Note 2)*	Premise	Approximate GFA (sq. ft)	Monthly Rental *(Note 3)*	Intended Use
1	K Richman Limited	Fulum Management Limited (富臨管理有限公司)	Major portion of 26/F, Tower B, Capital Tower, No.38 Wai Yip Street, Kowloon And Car Parking Spaces Nos P29, P30 and P31 on B1/F, Capital Tower, No.38 Wai Yip Street, Kowloon	9,282 (excluding car parking spaces)	220,000	Office and car parking
2	China Good Corporation Limited	Best Food Development Limited (美食發展有限公司)	Shop 106 on the 1st floor and Shops 209-213, 215-219 on the 2nd floor of Hsin Kuang Centre, No. 120 Lung Cheung Road, Wong Tai Sin, Kowloon	2,131	70,000	Supermarket and takeaway store
3	China Queen Investment Limited	Best Food Development Limited (美食發展有限公司)	Workshop B1, G/F, Kai Tak Factory Building Stage II, No. 99 King Fuk Street and Nos. 39-41 Tseuk Luk Street, Kowloon	1,200	38,000	Grocery
4	China Spring Development Limited	China Show Industrial Limited (中展實業有限公司)	Major portion of Restaurant 7 on the 1st Floor, Canaryside, No.8 Shung Shum Street, Kowloon	1,756	58,000	Chinese restaurant
5	China All Enterprises Limited	China Extreme Limited (中堅有限公司)	Portion of Unit A (also known as Units Nos. 201, 202, 215, 216 and 217A), 2/F, Kin Wing Commercial Building, No 24-30 Kin Wing Street, Tuen Mum, New Territories	2,322	28,000	Chinese restaurant

Notes:

1. Each of the Lessors of the 2021 Connected Tenancy Agreements is indirectly controlled by Mega Kingdom Holdings Limited ("**Mega Kingdom**").

2. Each of the lessees of the 2021 Connected Tenancy Agreements is a wholly-owned subsidiary of the Company.

3. The monthly rental is exclusive of rates, Government rent, services and management charges and other outgoings.

The aggregated value of the right-of-use asset to be recognised by the Company under the terms of the 2021 Connected Tenancy Agreements amounted to approximately HK$8,084,067, representing the present value of the aggregate lease payments to be made under the 2021 Connected Tenancy Agreements in accordance with HKFRS 16.

As at the date of this annual report, each of the Lessors was indirectly controlled by Mega Kingdom, which was in turn owned as to 41% and 31% by Mr. Yeung and Mr. YC Yeung, respectively. As each of Mr. Yeung is an executive Director and Mr. YC Yeung is a controlling shareholder, the Lessors are regarded as associates of Mr. Yeung and Mr. YC Yeung and thus connected persons of the Company under the Listing Rules. Accordingly, the 2021 Connected Tenancy Agreements and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 "Leases", the Company will recognise right-of-use assets on its consolidated statement of financial position in connection with the tenancy of the Premises under the 2021 Connected Tenancy Agreements. Accordingly, the entering into of the 2021 Connected Tenancy Agreements will be regarded as acquisition of assets by the Group which will constitute one-off connected transactions for the Company under Chapter 14A of the Listing Rules.

For further details of the 2021 Connected Tenancy Agreements, please refer to the announcement of the Company dated 12 July 2021.

The Company has complied with applicable disclosure requirements under Chapter 14A of the Listing Rules in respect of the aforesaid transactions and the transactions stated in the section headed "Continuing Connected Transactions" in this annual report.

CONTINUING CONNECTED TRANSACTIONS

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

The 2020 Connected Tenancy Framework Agreement

On 9 December 2019, the Company has entered into a tenancy framework agreement (as amended by a supplemental agreement dated 7 February 2020) (the "**2020 Connected Tenancy Framework Agreement**") with Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. Leung and Mr. Yeung Chun Nin (the son of Mr. YC Yeung and subsequently appointed as an executive Director of the Company (the "**Connected Parties**"), pursuant to which, the Group, as tenant, agreed to lease from various entities controlled by the Connected Parties (the "**Landlords**") 35 premises (the "**Premises**") for the operation of restaurants, warehouse, central kitchen and logistics center of the Group. Pursuant to the terms of the 2020 Connected Tenancy Framework Agreement, the relevant members of the Group had entered into separate tenancy agreements (the "**2020 Connected Tenancy Agreements**") with the Landlords in respect of the lease of the Premises with a term of three years commencing from 1 April 2020 to 31 March 2023. The relevant members of the Group are required to pay the monthly rent (together with rates and the government rent, service charges and other outgoings) as set forth in the respective 2020 Connected Tenancy Agreements.

According to HKFRS 16, the Company recognised right-of-use assets of approximately HK$332 million under the 2020 Connected Tenancy Framework Agreement for the year ended 31 March 2021. Given that Mr. Yeung, Mr. YK Yeung, Mr. Leung, and Mr. Yeung Chun Nin are executive Directors and Mr. YC Yeung is a controlling shareholder and an associate of Mr. Yeung, Mr. YK Yeung and Mr. Yeung Chun Nin and thus connected persons of the Company, the 2020 Connected Tenancy Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules. For further details of the 2020 Connected Tenancy Framework Agreement and the 2020 Connected Tenancy Agreements, please refer to the announcement and circular of the Company dated 9 December 2019 and 7 February 2020, respectively.

On 9 December 2022, the Company has renewed the 2020 Connected Tenancy Agreements for a further term of three years commencing from 1 April 2023. For details of the transactions, please refer to the announcements of the Company dated 9 December 2022 and 15 February 2023 and circular of the Company dated 20 February 2023.

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

Zhonghui Anda CPA Limited, the Company's external auditor, was engaged to report on the Group's continuing connected transactions during the year ended 31 March 2023, in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Zhonghui Anda CPA Limited issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions during the year under review by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save for the transactions stated in the section headed "Connected Transactions" and the aforementioned continuing connected transactions disclosed in this annual report, the related party transactions disclosed in note 35 to the financial statements are either exempted or non-exempted continuing connected transactions or connected transactions which have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

ANNUAL OFFER ARRANGEMENTS AND RIGHT OF FIRST REFUSAL

BACKGROUND

As stated in the Prospectus, the controlling shareholders of the Company (the "**Controlling Shareholders**") had interests in, or control of, five mid-to-high end restaurants located in Guangdong Province of the PRC under the brand of "Sportful Garden (陶源)" which were not included in the Group (the "**Excluded PRC Restaurants**"). The Excluded PRC Restaurants were indirectly held by Mr. Yeung and Sportful Garden Restaurant Limited ("**SGRL**"), a company indirectly held as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively. As at 31 March 2023, only one of the Excluded PRC Restaurants which was located in Shenzhen ("**Shenzhen Sportful Garden**") remained in operation and the remaining four Excluded PRC Restaurants had been discontinued.

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

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

DECISION MADE DURING THE YEAR UNDER REVIEW

The independent non-executive Directors, on behalf of the Company, had unanimously declined the annual offer under the Annual Offer Notice for the year ended 31 March 2023 given by Mr. Yeung and SGRL after evaluating the financial and operational performance of Shenzhen Sportful Garden for the financial year ended 31 December 2022 with the following reasons:

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

(ii) according to the information provided by Mr. Yeung and SGRL, the consolidated operating and financial results of Shenzhen Sportful Garden were still in loss for the financial year ended 31 December 2022, and the business environment for mid-to-high end catering segments in the PRC was still sluggish.

Mr. Yeung and SGRL further confirmed in the Annual Offer Notice for the year ended 31 March 2023 that there was no Third Party Disposal during the year under review.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 March 2023, Mr. Yeung, Mr. YK Yeung and Mr. Leung, each being an executive Director, and Mr. YC Yeung, being a controlling shareholder and the associate of Mr. Yeung and Mr. YK Yeung, had interested in Shenzhen Sportful Garden, details of which are set out in the paragraph headed "Annual offer arrangement and right of first refusal" in this report of the Directors. As at 31 March 2023, the Group did not operate any restaurants targeting mid-to-high end market in the PRC. As such, the business of the Group and that of Shenzhen Sportful Garden are clearly delineated. In view of such business delineation and the terms of the Deed of Annual Offer and ROFR, the Group is capable of carrying on its business independently of, and at arm's length from the competing business of the Directors.

Save as disclosed above as at 31 March 2023, none of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflicts of interest with the Group.

DEED OF NON-COMPETITION

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

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

STATUS UPDATE AS TO THE 34 BUILDING ORDERS

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

EVENT AFTER REPORTING PERIOD

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of the issued Shares (i.e. at least 25% of the issued Shares have been held in public hands) as required under the Listing Rules during the year ended 31 March 2023 and up to the date of this report.

AUDITOR

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

The consolidated financial statements of the Group for the financial year ended 31 March 2023 have been audited by ZHONGHUI ANDA CPA Limited, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

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

ON BEHALF OF THE BOARD

Yeung Wai
Chairman

Hong Kong
28 June 2023

ZHONGHUI

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

OPINION

We have audited the consolidated financial statements of Fulum Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 99 to 161, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements which mentions that as at 31 March 2023 the Group had net current liabilities of HK$284,283,000. This condition indicates a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

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

Refer to Note 16 and 18 to the consolidated financial statements

The Group tested the amount of property, plant and equipment and right-of-use assets for impairment. This impairment test is significant to our audit because the balance of property, plant and equipment and right-of-use assets of HK$175,739,000 and HK$400,280,000 respectively as at 31 March 2023 is material to the consolidated financial statements. In addition, the Group's estimation involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

– Assessing the identification of the related cash generating units;

– Assessing the arithmetical accuracy of the valuation model;

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

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

– Checking input data to supporting evidence.

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

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Tse Kit Yan
Audit Engagement Director
Practising Certificate Number P08158
Hong Kong, 28 June 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Revenue	7	**1,641,488**	1,486,473
Other income and gains, net	9	**82,696**	75,651
Cost of inventories sold		**(491,469)**	(514,641)
Staff costs		**(549,327)**	(479,727)
Property rentals and related expenses		**(77,407)**	(60,233)
Depreciation of right-of-use assets		**(230,405)**	(229,467)
Depreciation of property, plant and equipment		**(59,165)**	(61,780)
Fuel and utility expenses		**(84,112)**	(87,991)
Other expenses		**(180,482)**	(141,493)
Share of loss in a joint venture		**(1,000)**	(3)
Losses from impairment/write-off of non-financial assets		**(7,315)**	(14,049)
Losses from impairment/write-off of financial assets		**(719)**	(506)
Finance costs	10	**(20,829)**	(20,669)
Profit/(loss) before tax		**21,954**	(48,435)
Income tax expense	11	**(825)**	(734)
Profit/(loss) for the year	12	**21,129**	(49,169)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(1,479)**	918
		(1,479)	918
Total comprehensive income/(loss) for the year		**19,650**	(48,251)
Profit/(loss) for the year attributable to:			
Owners of the Company		**21,138**	(49,169)
Non-controlling interests		**(9)**	–
		21,129	(49,169)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**19,659**	(48,251)
Non-controlling interests		**(9)**	–
		19,650	(48,251)
Earnings/(loss) per share			
– Basic and diluted (HK$ cent)	15	**1.63**	(3.78)

Consolidated Statement of Financial Position

At 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	16	**175,739**	176,157
Right-of-use assets	18	**400,280**	466,590
Deposits and other receivables	21	**52,186**	71,533
Deferred tax assets	28	**4,184**	–
		632,389	714,280
Current assets			
Inventories	19	**81,103**	77,878
Trade receivables	20	**11,077**	10,788
Prepayments, deposits and other receivables	21	**90,189**	58,900
Amount due from a joint venture	17	**4,941**	2,763
Tax recoverable		**1,774**	2,769
Cash and cash equivalents	22	**169,757**	128,571
		358,841	281,669
Current liabilities			
Trade payables	23	**63,663**	58,234
Other payables, accruals and deferred income	24	**110,765**	103,680
Interest-bearing bank borrowings	25	**308,926**	239,996
Lease liabilities	26	**148,179**	270,834
Provision	27	**5,246**	8,911
Tax payable		**6,345**	1,974
		643,124	683,629
Net current liabilities		**(284,283)**	(401,960)
TOTAL ASSETS LESS CURRENT LIABILITIES		**348,106**	312,320

Consolidated Statement of Financial Position

At 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Accruals and deferred income	24	**3,324**	3,656
Lease liabilities	26	**192,356**	180,616
Provision	27	**5,830**	5,891
Deferred tax liabilities	28	**1,315**	470
		202,825	190,633
NET ASSETS		**145,281**	121,687
Capital and reserves			
Share capital	29	**1,300**	1,300
Reserves	30	**146,551**	120,387
Equity attributable to owners of the Company		**147,851**	121,687
Non-controlling interests		**(2,570)**	–
TOTAL EQUITY		**145,281**	121,687

The consolidated financial statements on pages 99 to 161 were approved and authorised for issue by the board of directors on 28 June 2023 and are signed on its behalf by:

YEUNG WAI
Director

YEUNG YUN KEI
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Issued capital HK$'000	Share premium account HK$'000	Other reserves HK$'000 (Note 30)	Merger reserves HK$'000 (Note 30)	Share options reserve HK$'000 (Note 30)	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2021	1,300	540,140	(5,372)	31,073	–	(2,311)	(396,738)	168,092	–	168,092
Loss for the year	–	–	–	–	–	–	(49,169)	(49,169)	–	(49,169)
Other comprehensive income for the year	–	–	–	–	–	918	–	918	–	918
Total comprehensive income/(loss) for the year	–	–	–	–	–	918	(49,169)	(48,251)	–	(48,251)
Share-based payments	–	–	–	–	1,846	–	–	1,846	–	1,846
At 31 March 2022	1,300	540,140	(5,372)	31,073	1,846	(1,393)	(445,907)	121,687	–	121,687
At 1 April 2022	**1,300**	**540,140**	**(5,372)**	**31,073**	**1,846**	**(1,393)**	**(445,907)**	**121,687**	**–**	**121,687**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**21,138**	**21,138**	**(9)**	**21,129**
Other comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(1,479)**	**–**	**(1,479)**	**–**	**(1,479)**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**(1,479)**	**21,138**	**19,659**	**(9)**	**19,650**
Share-based payments	**–**	**–**	**–**	**–**	**3,144**	**–**	**–**	**3,144**	**–**	**3,144**
Equity transaction in relation to disposal of equity interests of a subsidiary without loss of control (#)	**–**	**–**	**3,361**	**–**	**–**	**–**	**–**	**3,361**	**(2,561)**	**800**
At 31 March 2023	**1,300**	**540,140**	**(2,011)**	**31,073**	**4,990**	**(2,872)**	**(424,769)**	**147,851**	**(2,570)**	**145,281**

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
Cash flows from operating activities		
Profit/(loss) before tax	**21,954**	(48,435)
Adjustments for:		
Interest income	**(130)**	(70)
Overprovision of reinstatement liabilities	**(3,907)**	(6,137)
Rent concessions related to COVID-19	**(5,625)**	(20,201)
Gain on lease termination	**(3,014)**	(9,748)
Share of loss in a joint venture	**1,000**	3
Finance costs	**20,829**	20,669
Impairment of trade receivables	**719**	506
Write-off of trade receivables	**–**	188
Fair value losses on financial assets at fair value through profit or loss	**–**	400
Impairment of property, plant and equipment	**333**	5,100
Write-off of property, plant and equipment	**174**	458
Impairment of right-of-use assets	**6,808**	8,491
Gain on disposal of subsidiaries	**(2,185)**	(25,411)
Share-based payments	**3,144**	1,846
Depreciation of property, plant and equipment	**59,165**	61,780
Depreciation of right-of-use assets	**230,405**	229,467
Operating cash flows before movements in working capital	**329,670**	218,906
Change in inventories	**(3,225)**	15,504
Change in trade receivables	**(1,126)**	(1,804)
Change in prepayments, deposits and other receivables	**(14,230)**	31,603
Change in trade payables	**5,129**	6,616
Change in other payables, accruals and deferred income	**7,922**	(30,099)
Change in provision	**181**	2,037
Cash generated from operations	**324,321**	242,763
Interest received	**130**	70
Income tax refunded	**1,202**	8,200
Net cash generated from operating activities	**325,653**	251,033

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
Cash flows from investing activities		
Purchases of items of property, plant and equipment	**(60,565)**	(73,652)
Purchase of financial assets at fair value through profit or loss	**–**	(400)
Disposal of subsidiaries	**–**	(44)
Investment in a joint venture	**(1,000)**	(3)
Advance to joint venture	**(2,178)**	(2,763)
Net cash used in investing activities	**(63,743)**	(76,862)
Cash flows from financing activities		
New bank loans	**128,127**	25,488
Repayment of bank loans	**(4,115)**	(18,332)
Principal portion of lease payments	**(268,214)**	(233,340)
Interest paid	**(20,829)**	(20,669)
Equity transaction in relation to disposal of equity interests of a subsidiary without loss of control	**400**	–
Net cash used in financing activities	**(164,631)**	(246,853)
Net increase/(decrease) in cash and cash equivalents	**97,279**	(72,682)
Cash and cash equivalents at the beginning of the year	**73,489**	145,074
Effect of foreign exchange rate changes	**(1,011)**	1,097
Cash and cash equivalents at the end of the year	**169,757**	73,489
Analysis of cash and cash equivalents		
Bank and cash balances	**169,757**	128,571
Bank overdraft	**–**	(55,082)
	169,757	73,489

1. GENERAL INFORMATION

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

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

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

2. GOING CONCERN BASIS

As at 31 March 2023, the Group had net current liabilities of approximately HK$284,283,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on the going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements, to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 April 2022. HKFRSs comprise Hong Kong Financial Reporting Standards (the "**HKFRS**"); Hong Kong Accounting Standards (the "**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Consolidation

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Consolidation *(continued)*

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

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

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

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

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

Joint arrangements

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Joint arrangements *(continued)*

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation

(a) *Functional and presentation currency*

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

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

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

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

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

(c) *Translation on consolidation*

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

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

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

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

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

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

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

Leases

The Group as lessee

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

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

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

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

Inventories

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

Recognition and derecognition of financial instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets

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

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

– Financial assets at amortised cost;

– Financial assets at FVTPL

(i) Financial assets at amortised cost

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

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

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

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

(ii) Financial assets at FVTPL

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Loss allowances for expected credit losses

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

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

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

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

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Borrowings

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Trade and other payables

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

Equity instruments

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

Revenue from contracts with customers

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers *(continued)*

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

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

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

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

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

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

Other revenue

Interest income is recognised using the effective interest method.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

(a) *Employee leave entitlements*

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

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

(b) *Pension obligations*

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

(c) *Termination benefits*

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

Share-based payments

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

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

Borrowing costs

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

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

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

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

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

Taxation

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

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

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

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

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

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

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

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

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

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

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

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

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

Impairment of assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of assets *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

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

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

Events after the reporting period

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

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

(a) Going concern

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon (i) the Group will be able to raise fund to meet a level sufficient to finance the working capital requirements of the Group; (ii) the Group is negotiating with the landlords of the Group's leased properties for rent concessions in view of the adverse impact of the outbreak of COVID-19 on the Group's operations; and (iii) the Group is actively implementing cost-control and cost saving measures to improve operating cash flows and its financial position and the directors of the Company believe that the performance of the Group will be significantly improved in the forthcoming year. Details are explained in note 2 to consolidated financial statements.

Key sources of estimation uncertainty

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

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

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

(b) Property, plant and equipment and depreciation

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

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

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

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

Key sources of estimation uncertainty *(continued)*

(d) Leases – Estimating the incremental borrowing rate

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

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

(b) Interest rate risk

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

For Hong Kong dollar floating-rate borrowings, assuming that the amount of liability outstanding at the end of the reporting period was outstanding for the whole year with all other variables held constant, a 50 basis point increase/decrease in interest rates at 31 March 2023 would have decreased/increased the Group's profit before tax by HK$1,545,000 (2022: increased/decreased the Group's loss before tax by HK$925,000).

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk

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

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

General approach

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

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

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

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

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

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

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

For lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

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

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

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

As at 31 March 2023

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

As at 31 March 2022

	12-month ECLs	Lifetime ECLs		Simplified approach	
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	HK$'000	Total HK$'000
Trade receivables*	–	–	–	22,983	22,983
Amount due from a joint venture	2,763	–	–	–	2,763
Financial assets included in prepayments, deposits and other receivables					
– Normal**	126,316	–	–	–	126,316
– Doubtful**	–	6,600	–	–	6,600
Cash and cash equivalents					
– Not past due	128,571	–	–	–	128,571
	257,650	6,600	–	22,983	287,233

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

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

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

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

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

	2023 %	2022 %
Largest debtor	**14**	13
Five largest debtors	**44**	47

(d) Liquidity risk

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

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

	Less than 1 year HK$'000	Between 1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
31 March 2023				
Trade payables	**63,663**	**–**	**–**	**63,663**
Financial liabilities included in other payables, accruals and deferred income	**88,012**	**1,850**	**–**	**89,862**
Interest-bearing bank borrowings	**308,926**	**–**	**–**	**308,926**
Lease liabilities	**167,135**	**165,799**	**23,492**	**356,426**
	627,736	**167,649**	**23,492**	**818,877**

6. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Liquidity risk *(continued)*

	Less than 1 year HK$'000	Between 1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
31 March 2022				
Trade payables	58,234	–	–	58,234
Financial liabilities included in other payables, accruals and deferred income	83,923	1,850	–	85,773
Interest-bearing bank borrowings	239,996	–	–	239,996
Lease liabilities	286,536	167,861	27,935	482,332
	668,689	169,711	27,935	866,335

* Included in interest-bearing bank borrowings are bank loans of HK$230,201,000 (2022: HK$103,213,000) containing a repayment on demand clause giving the lender the unconditional right to call the loan at any time and therefore, for the purpose of the above maturity profile, these amounts are classified as "on demand".

Notwithstanding the above repayment on demand clause, the directors of the Company do not believe that the bank loans will be called in their entirety within 12 months, and they consider that the bank loans will be repaid in accordance with the maturity dates as set out in the bank loan agreements. This evaluation was made considering: the bank loans are fully guaranteed by the Government of the Hong Kong Special Administrative Region, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the bank loans, their maturity terms at 31 March 2023 are HK$34,855,000 (2022: HK$62,336,000) repayable within one year; HK$39,642,000 (2022: HK$22,896,000) repayable in the second year; HK$183,627,000 (2022: HK$138,167,000) repayable in the third to fifth years, inclusive; and HK$74,310,000 (2022: HK$29,507,000) repayable over five years.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Categories of financial instruments

	2023 HK$'000	2022 HK$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**325,334**	268,438
Financial liabilities:		
Financial liabilities at amortised cost	**803,322**	835,453

(f) Fair values

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

7. REVENUE

An analysis of revenue is as follows:

	2023 HK$'000	2022 HK$'000 (Restated)
Restaurant operations	**1,532,981**	1,361,735
Sale of food and other operating items	**66,196**	88,339
Sales from food court operations	**13,997**	15,554
Revenue from contracts with customers	**1,613,174**	1,465,628
Rental income from food court operations	**28,314**	20,845
	1,641,488	1,486,473

Disaggregation of revenue from contracts with customers:

	2023 HK$'000	2022 HK$'000 (Restated)
Geographical markets		
Hong Kong	**1,575,418**	1,392,908
PRC	**66,070**	93,565
	1,641,488	1,486,473

7. REVENUE *(continued)*

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

	2023 HK$'000	2022 HK$'000 (Restated)
Information about timing of revenue recognition		
At a point in time	**1,599,177**	1,450,074
Over time	**13,997**	15,554
	1,613,174	1,465,628
Rental income from food court operations	**28,314**	20,845
	1,641,488	1,486,473

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

Restaurant operations

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

Sale of food and other operating items

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

Food court operations

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

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

8. SEGMENT INFORMATION

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

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

Information about geographical areas

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

	2023 HK$'000	2022 HK$'000
Hong Kong	**536,132**	586,206
PRC	**39,887**	56,541
	576,019	642,747

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

Information about major customers

During the years ended 31 March 2023 and 2022, none of the Group's individual customer contributed more than 10% to the total revenue of the Group.

9. OTHER INCOME AND GAINS, NET

	Note	2023 HK$'000	2022 HK$'000 (Restated)
Interest income		**130**	70
Licensing income		**388**	655
Sponsorship income		**1,400**	2,477
Government subsidies	(1)	**60,989**	29,622
Rent concessions related to COVID-19	(2)	**5,625**	20,201
Gain on lease termination		**3,014**	9,748
Overprovision of reinstatement liabilities		**3,907**	6,137
Others		**7,243**	6,741
		82,696	75,651

Note:

(1) Government subsidies of HK$60,989,000 (2022: HK$29,622,000) were granted during the year ended 31 March 2023 by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies. There is no assurance that the Group will continue to receive such subsidies in the future.

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

10. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 HK$'000	2022 HK$'000
Interest on bank overdrafts and bank loans	**9,147**	4,603
Interest on lease liabilities	**11,682**	16,066
	20,829	20,669

11. INCOME TAX EXPENSE

	2023 HK$'000	2022 HK$'000
Hong Kong Profits Tax:		
– Current tax	**4,120**	773
PRC Enterprise Income Tax ("**EIT**"):		
– Current tax	**44**	61
Deferred tax (note 28):	**(3,339)**	(100)
	825	734

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

Taxes on profits assessable in Mainland China have been calculated at the rate of 25% (2022: 25%) during the year.

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

	2023 HK$'000	2022 HK$'000
Profit/(loss) before tax	**21,954**	(48,435)
Tax at the applicable income tax rate of 16.5% (2022: 16.5%)	**3,622**	(7,992)
Tax effect of income not taxable and expenses not deductible for tax purposes	**807**	7,215
Tax effect of tax losses not recognised	**3,922**	10,263
Utilisation of tax losses previously not recognised	**(7,402)**	(8,338)
Difference in tax rates applied for specific provinces in Mainland China	**(124)**	(414)
	825	734

12. PROFIT/(LOSS) FOR THE YEAR

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

	2023 HK$'000	2022 HK$'000
Auditor's remuneration	**2,050**	2,300
Cost of inventories sold	**491,469**	514,641
Expenses related to short-term leases	**7,634**	3,634
Expenses related to variable lease payments not included in lease liabilities	**4,585**	3,807
Fair value losses, net-financial assets at fair value through profit or loss	**–**	400
Gain on disposal of subsidiaries included in other expenses	**(2,185)**	(25,411)
Impairment of items of property, plant and equipment	**333**	5,100
Write-off of items of property, plant and equipment	**174**	458
Impairment of right-of-use assets	**6,808**	8,491
Impairment of trade receivables	**719**	506
Salaries, bonuses and other allowances	**525,501**	461,863
Retirement benefit scheme contributions (defined contribution schemes)	**20,682**	16,018
Share-based payments	**3,144**	1,846
Total staff costs	**549,327**	479,727

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

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

For the year ended 31 March 2022		Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive Directors						
Mr. Yeung Wai	(i)	–	1,237	18	126	1,381
Mr. Yeung Yun Chuen	(vi)	–	1,126	18	126	1,270
Mr. Yeung Yun Kei		–	1,015	18	126	1,159
Mr. Leung Siu Sun		–	1,015	18	126	1,159
Mr. Wu Kam On Keith	(ii)	–	2,382	17	72	2,471
Mr. Yeung Ho Wang	(iii)	–	881	18	72	971
Independent Non-Executive Directors						
Mr. Fan Chun Wah Andrew	(iv)	25	–	–	–	25
Mr. Wu Kam On Keith	(ii)	28	–	–	–	28
Mr. Ng Ngai Man Raymond		226	25	–	24	275
Mr. Wong Wai Leung Joseph	(v)	202	25	–	24	251
Mr. Chan Chun Bong Junbon	(iii)	198	25	–	24	247
Total		679	7,731	107	720	9,237

Notes:
(i) Ceased as the chief executive officer of the Company on 13 May 2021.
(ii) Re-designated from an independent non-executive director to an executive director and chief executive officer on 13 May 2021 and re-designated from an executive director and chief executive officer to a non-executive director on 13 January 2023.
(iii) Appointed as a director on 13 May 2021.
(iv) Resigned as a director on 7 May 2021.
(v) Appointed as a director on 7 May 2021.
(vi) Resigned as an executive director on 30 June 2022.
(vii) Appointed as an executive director on 30 June 2022.

The five highest paid employees during the year included four (2022: three) directors. Details of the remuneration for the year of the remaining one (2022: two) non-director highest paid employees are as follows:

	2023 HK$'000	2022 HK$'000
Basic salaries and allowances	**1,495**	2,354
Retirement benefits scheme contributions	**18**	36
Share-based payments	**22**	13
	1,535	2,403

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

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

	Number of employees	
	2023	2022
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	–

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

During the year ended 31 March 2023, 10 (2022: 9) directors of the Company have waived emoluments of HK$151,000 (2022: HK$638,000).

14. DIVIDENDS

The Directors do not recommend the payment of any dividend for the years ended 31 March 2023 and 2022.

15. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings (2022: loss) per share attributable to owners of the Company is based on the profit (2022: loss) for the year attributable to owners of the Company of approximately HK$21,138,000 (2022: loss for the year attributable to owners of the Company of approximately HK$49,169,000) and the weighted average number of ordinary shares of 1,300,000,000 (2022: 1,300,000,000) in issue during the year.

Diluted earnings/(loss) per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the year ended 31 March 2023.

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 March 2022.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Air conditioning HK$'000	Kitchen equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2023								
At 1 April 2022:								
Cost	38,920	450,876	124,772	29,875	58,717	50,544	5,913	759,617
Accumulated depreciation and impairment	(1,022)	(355,916)	(100,596)	(25,451)	(51,129)	(44,818)	(4,528)	(583,460)
Net carrying amount	37,898	94,960	24,176	4,424	7,588	5,726	1,385	176,157
At 1 April 2022, net of accumulated depreciation and impairment	37,898	94,960	24,176	4,424	7,588	5,726	1,385	176,157
Additions	–	43,890	11,641	2,602	1,507	591	120	60,351
Write-off	–	–	(174)	–	–	–	–	(174)
Depreciation provided during the year	(876)	(42,409)	(8,588)	(2,393)	(2,477)	(1,667)	(755)	(59,165)
Impairment	–	(229)	(67)	(11)	(15)	(11)	–	(333)
Exchange realignment	–	(769)	(85)	(14)	(188)	(30)	(11)	(1,097)
At 31 March 2023, net of accumulated depreciation and impairment	37,022	95,443	26,903	4,608	6,415	4,609	739	175,739
At 31 March 2023:								
Cost	38,920	476,600	132,432	31,992	59,119	50,272	5,972	795,307
Accumulated depreciation and impairment	(1,898)	(381,158)	(105,529)	(27,384)	(52,704)	(45,662)	(5,233)	(619,568)
Net carrying amount	37,022	95,442	26,903	4,608	6,415	4,610	739	175,739
31 March 2022								
At 1 April 2021:								
Cost	38,920	397,779	112,699	26,560	53,909	48,926	4,494	683,287
Accumulated depreciation and impairment	(146)	(305,957)	(89,762)	(23,027)	(47,541)	(42,883)	(3,983)	(513,299)
Net carrying amount	38,774	91,822	22,937	3,533	6,368	6,043	511	169,988
At 1 April 2021, net of accumulated depreciation and impairment	38,774	91,822	22,937	3,533	6,368	6,043	511	169,988
Additions	–	50,297	11,775	3,279	4,362	1,396	1,386	72,495
Write-off	–	(153)	(268)	(7)	(30)	–	–	(458)
Depreciation provided during the year	(876)	(45,012)	(8,850)	(2,077)	(2,753)	(1,679)	(533)	(61,780)
Impairment	–	(2,438)	(1,706)	(307)	(613)	(36)	–	(5,100)
Exchange realignment	–	444	288	3	254	2	21	1,012
At 31 March 2022, net of accumulated depreciation and impairment	37,898	94,960	24,176	4,424	7,588	5,726	1,385	176,157
At 31 March 2022:								
Cost	38,920	450,876	124,772	29,875	58,717	50,544	5,913	759,617
Accumulated depreciation and impairment	(1,022)	(355,916)	(100,596)	(25,451)	(51,129)	(44,818)	(4,528)	(583,460)
Net carrying amount	37,898	94,960	24,176	4,424	7,588	5,726	1,385	176,157

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

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

As at 31 March 2023, the Group's management identified certain loss making restaurants which indicated that impairment may exist and estimated the corresponding recoverable amount of their property, plant and equipment and right-of-use assets. Based on the assessment performed by the Group's management, impairment of HK$333,000 (2022: HK$5,100,000) and HK$6,808,000 (2022: HK$8,491,000) were recognised to write down the carrying amounts of these items of property, plant and equipment and right-of-use assets, respectively, to their recoverable amounts as at 31 March 2023. The estimates of the recoverable amounts were determined using fair value less costs of disposal calculations based on the discounted cash flow method.

Under the discounted cash flow method, fair value is estimated by using cash flow projections based on financial budgets approved by senior management covering a five-year period (the **"5-Year Projection"**).

The key assumptions used in fair value less costs of disposal calculations of the relevant CGUs include budgeted revenue and the discount rate. Revenue from restaurant operations is estimated based on the business trend in the industry of restaurant operation, historical performance, market conditions and economic outlook. The average revenue growth rate used by each CGU is ranging from 3% to 20%. The pre-tax discount rate applied is 14.2%. The fair value measurement was categorised under Level 3 with significant unobservable inputs.

A significant increase (decrease) in the revenue growth rate would result in a significant increase (decrease) in the fair value of the relevant CGUs. A significant increase (decrease) in the discount rate would result in a significant decrease (increase) in the fair value of the relevant CGUs.

As at 31 March 2023, the Group's buildings with a net carrying amount of HK$37,022,000 (2022: HK$37,898,000) were pledged to secure the banking facilities granted to the Group (note 25).

17. AMOUNT DUE FROM A JOINT VENTURE

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

18. RIGHT-OF-USE ASSETS

	2023 HK$'000	2022 HK$'000
At 31 March:		
Right-of-use assets		
– Leasehold land	**131,106**	134,209
– Buildings	**269,022**	331,968
– Motor vehicles	**152**	413
	400,280	466,590
Lease commitments of short-term leases	**3,084**	650
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Less than 1 year	**167,135**	286,536
– Between 1 and 5 years	**165,799**	167,861
– Over 5 years	**23,492**	27,935
	356,426	482,332
Year ended 31 March:		
Depreciation of right-of-use assets		
– Leasehold land	**3,103**	3,041
– Buildings	**227,066**	226,118
– Motor vehicles	**236**	308
	230,405	229,467
Lease interests	**11,682**	16,066
Expenses related to short-term leases	**7,634**	3,634
Expenses related to variable lease payments not included in lease liabilities	**4,585**	3,807
Total cash outflow for leases	**292,115**	256,847
Additions to right-of-use assets	**174,212**	120,037
Decrease due to disposal of a subsidiary	**721**	–

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

At 31 March 2023, certain of the Group's right-of-use assets with an aggregate carrying amount of HK$131,106,000 (2022: HK$134,209,000) were pledged to secure the banking facilities granted to the Group, further details of which are included in note 25 to the consolidated financial statements.

At 31 March 2023, certain of the Group's right-of-use assets with an aggregate carrying amount of HK$152,000 (2022: HK$413,000) were pledged to secure the Group's lease liabilities.

19. INVENTORIES

	2023 HK$'000	2022 HK$'000
Food and beverages	**77,251**	75,601
Other operating items for restaurant operations	**3,852**	2,277
	81,103	77,878

20. TRADE RECEIVABLES

	2023 HK$'000	2022 HK$'000
Credit card receivables	**3,343**	1,087
Others	**20,648**	21,896
	23,991	22,983
Impairment	**(12,914)**	(12,195)
	11,077	10,788

The Group's trading terms with its customers are mainly on cash and credit card settlement while trading terms for sale of food are on credit with credit periods ranging from 30 to 60 days (2022: 30 to 60 days). The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

20. TRADE RECEIVABLES *(continued)*

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

	2023 HK$'000	2022 HK$'000
Within 1 month	**7,608**	5,635
1 to 3 months	**3,105**	2,852
3 to 12 months	**364**	1,938
Over 12 months	**–**	363
	11,077	10,788

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

	2023 HK$'000	2022 HK$'000
At beginning of year	**12,195**	11,877
Impairment losses	**719**	506
Write-off	**–**	(188)
At end of year	**12,914**	12,195

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

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

20. TRADE RECEIVABLES *(continued)*

As at 31 March 2023

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

As at 31 March 2022

	Credit impaired receivables HK$'000	Current HK$'000	Past due: 1 to 3 months HK$'000	Past due: 3 to 12 months HK$'000	Past due: Over 12 months HK$'000	Total HK$'000
Expected credit loss rate	100%	1.23%	5.78%	8.11%	19.87%	53.06%
Gross carrying amount (HK$'000)	11,689	5,705	3,027	2,109	453	22,983
Expected credit losses (HK$'000)	11,689	70	175	171	90	12,195

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Prepayments	**1,108**	2,623
Deposits	**109,499**	94,890
Rental deposits paid to related companies*	**19,258**	18,663
Deposits for purchases of items of property, plant and equipment	**1,708**	1,494
Other receivables	**17,402**	19,363
	148,975	137,033
Impairment – other receivables	**(6,600)**	(6,600)
	142,375	130,433
Analysed into:		
Non-current portion	**52,186**	71,533
Current portion	**90,189**	58,900
	142,375	130,433

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

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

	2023 HK$'000	2022 HK$'000
At beginning of year	**6,600**	6,600
Impairment losses	**–**	–
At end of year	**6,600**	6,600

22. CASH AND CASH EQUIVALENTS

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to HK$19,742,000 (2022: HK$29,131,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

23. TRADE PAYABLES

The trade payables are non-interest-bearing and generally have payment terms of 45 to 90 days (2022: 45 to 90 days).

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 HK$'000	2022 HK$'000
Within 1 month	**50,473**	22,003
1 to 3 months	**9,285**	30,023
3 to 12 months	**1,206**	2,871
Over 12 months	**2,699**	3,337
	63,663	58,234

24. OTHER PAYABLES, ACCRUALS AND DEFERRED INCOME

	Note	2023 HK$'000	2022 HK$'000
Other payables		**48,786**	48,669
Accruals		**41,412**	37,104
Contract liabilities	(a)	**18,676**	15,680
Deferred other income		**5,215**	5,883
		114,089	107,336
Analysed into:			
Non-current portion		**3,324**	3,656
Current portion		**110,765**	103,680
		114,089	107,336

(a) Details of contract liabilities are as follows:

	31 March 2023 HK$'000	31 March 2022 HK$'000	1 April 2021 HK$'000
Restaurant operations	**18,676**	15,680	13,169

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

	2023 HK$'000	2022 HK$'000
	15,680	13,169

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

	2023 HK$'000	2022 HK$'000
2023	**–**	13,830
2024	**18,676**	1,850

25. INTEREST-BEARING BANK BORROWINGS

	2023 HK$'000	2022 HK$'000
Bank overdraft	–	55,082
Bank borrowings	**308,926**	184,914
	308,926	239,996
Secured	**78,725**	113,072
Unsecured	**230,201**	126,924
	308,926	239,996
Analysed into:		
Within one year or on demand	**308,926**	239,996

Notes:

For the purpose of the above analysis, the Group's unsecured bank loans in the amount of HK$230,201,000 (2022: HK$126,924,000) containing a repayment on demand clause are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

Based on the maturity terms of the bank borrowings, the amounts repayable in respect of the bank borrowings are: HK$44,365,000 (2022: HK$59,049,000) repayable within one year; HK$34,338,000 (2022: HK$19,848,000) repayable in the second year; HK$109,793,000 (2022: HK$132,247,000) repayable in the third to fifth years, inclusive; and HK$120,430,000 (2022: HK$28,852,000) repayable over five years.

All borrowings are in Hong Kong dollars. The Group's bank loans of HK$78,725,000 (2022: HK$113,072,000) as at 31 March 2023 are secured by mortgages over the Group's own-occupied properties situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of HK$168,128,000 (2022: HK$172,107,000). The Group's unsecured bank loans of HK$230,201,000 (2022: HK$103,213,000) as at 31 March 2023 are fully guaranteed by the Government of the Hong Kong Special Administrative Region.

25. INTEREST-BEARING BANK BORROWINGS *(continued)*

The effective interest rates as follows:

	2023	2022
Unsecured	**Prime rate-2.25%**	Prime rate-2.25%
Secured	**1-month HIBOR+1.45%**	1-month HIBOR+1.45%

26. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Within one year	**167,135**	286,536	**148,179**	270,834
In the two to fifth years, inclusive	**165,799**	167,861	**169,563**	159,668
After five years	**23,492**	27,935	**22,793**	20,948
	356,426	482,332	**340,535**	451,450
Less: Future finance charges	**(15,891)**	(30,882)	**N/A**	N/A
Present value of lease liabilities	**340,535**	451,450		
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(148,179)**	(270,834)
Amount due for settlement after 12 months			**192,356**	180,616

At 31 March 2023, the incremental borrowing rate ranging from 2.75% to 4.15% (2022: from 2.75% to 4.15%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

27. PROVISION

	2023 **HK$'000**	2022 HK$'000
At the beginning of year	**14,802**	21,008
Additional provision	**181**	2,037
Reversal of unutilised amounts	**(3,907)**	(6,137)
Disposal of subsidiaries	**–**	(2,106)
At the end of year	**11,076**	14,802
Analysed into:		
Non-current portion	**5,830**	5,891
Current portion	**5,246**	8,911
	11,076	14,802

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

28. DEFERRED TAX

	Depreciation allowance in excess of related depreciation HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 April 2021	(2,840)	2,370	(100)	(570)
Credit/(charge) to profit or loss	1,054	(1,054)	100	100
At 31 March 2022 and 1 April 2022	(1,786)	1,316	–	(470)
Credit to profit or loss	471	2,868	–	3,339
At 31 March 2023	(1,315)	4,184	–	2,869

At 31 March 2023, the Group had estimated tax losses arising in Hong Kong of approximately HK$629,878,000 (2022: HK$640,692,000), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. At 31 March 2023, the Group also had estimated tax losses arising in Mainland China of HK$18,964,000 (2022: HK$11,861,000) that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

28. DEFERRED TAX *(continued)*

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

At 31 March 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Company's directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$nil (2022: HK$nil).

29. SHARE CAPITAL

	Number of shares	Amount equivalent to share capital HK$'000
Authorised:		
Shares of the Company with nominal value of HK$0.001 each		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	2,000,000,000	2,000
Issued and fully paid:		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	1,300,000,000	1,300

Capital risk management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

30. RESERVES

Other reserve

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

Merger reserve

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

Share option reserve

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

31. SHARE OPTION SCHEMES

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

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

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

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

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

31. SHARE OPTION SCHEMES *(continued)*

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

1,087,500 share option ("2023 Option A") and 15,000,000 share option ("2023 Option B") share option had been granted during the year ended 31 March 2023 (2022: 104,000,000 share option ("2022 Option")). The following tables disclose the movements in the Company's number of share options during the years ended 31 March 2023 and 2022:

2023

Name of grantee	Batch of Option	Date of grant	Exercisable period	Exercisable price	Outstanding as at 1 April 2022	Granted during the year	Lapsed during the year	Outstanding as at 31 March 2023
Executive Director								
Mr. Yeung Wai	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Wai	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Wai	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	2,380,000	–	–	2,380,000
Mr. Yeung Yun Chuen	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Yun Chuen	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Yun Chuen	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	2,380,000	–	–	2,380,000
Mr. Yeung Yun Kei	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Yun Kei	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Yeung Yun Kei	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	2,380,000	–	–	2,380,000
Mr. Leung Siu Sun	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Leung Siu Sun	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	2,310,000	–	–	2,310,000
Mr. Leung Siu Sun	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	2,380,000	–	–	2,380,000
Mr. Wu Kam On Keith	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	1,320,000	–	–	1,320,000
Mr. Wu Kam On Keith	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	1,320,000	–	–	1,320,000
Mr. Wu Kam On Keith	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	1,360,000	–	–	1,360,000
Mr. Yeung Ho Wang	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	1,320,000	–	–	1,320,000
Mr. Yeung Ho Wang	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	1,320,000	–	–	1,320,000
Mr. Yeung Ho Wang	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	1,360,000	–	–	1,360,000
Mr. Yeung Chun Nin	2023 Option A	30.11.2022	30.11.2023-29.11.2026	HK$0.216	–	358,875	–	358,875
Mr. Yeung Chun Nin	2023 Option A	30.11.2022	30.11.2024-29.11.2026	HK$0.216	–	358,875	–	358,875
Mr. Yeung Chun Nin	2023 Option A	30.11.2022	30.11.2025-29.11.2026	HK$0.216	–	369,750	–	369,750

31. SHARE OPTION SCHEMES *(continued)*

2023 *(continued)*

Name of grantee	Batch of Option	Date of grant	Exercisable period	Exercisable price	Outstanding as at 1 April 2022	Granted during the year	Lapsed during the year	Outstanding as at 31 March 2023
Independent non-executive Director								
Mr. Ng Ngai Man Raymond	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Ng Ngai Man Raymond	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Ng Ngai Man Raymond	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	462,400	–	–	462,400
Mr. Wong Wai Leung Joseph	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Wong Wai Leung Joseph	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Wong Wai Leung Joseph	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	462,400	–	–	462,400
Mr. Chan Chun Bong Junbon	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Chan Chun Bong Junbon	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	448,800	–	–	448,800
Mr. Chan Chun Bong Junbon	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	462,400	–	–	462,400
Employees	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	21,093,600	–	(4,906,275)	16,187,325
Employees	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	21,093,600	–	(4,906,275)	16,187,325
Employees	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	21,732,800	–	(5,054,950)	16,677,850
Employees	2023 Option B	22.3.2023	22.3.2024-21.3.2027	HK$0.228	–	4,950,000	–	4,950,000
Employees	2023 Option B	22.3.2023	22.3.2025-21.3.2027	HK$0.228	–	4,950,000	–	4,950,000
Employees	2023 Option B	22.3.2023	22.3.2026-21.3.2027	HK$0.228	–	5,100,000	–	5,100,000
					104,000,000	16,087,500	(14,867,500)	105,220,000
Exercisable at the end of the year								–
Weighted average exercise price								HK$0.2089

31. SHARE OPTION SCHEMES *(continued)*

2022

Name of grantee	Batch of Option	Date of grant	Exercisable period	Exercisable price	Outstanding as at 1 April 2021	Grant during the year	Lapsed during the year	Outstanding as at 31 March 2022
Executive Director								
Mr. Yeung Wai	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	–	2,310,000	–	2,310,000
Mr. Yeung Wai	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	–	2,310,000	–	2,310,000
Mr. Yeung Wai	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	–	2,380,000	–	2,380,000
Mr. Yeung Yun Chuen	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	–	2,310,000	–	2,310,000
Mr. Yeung Yun Chuen	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	–	2,310,000	–	2,310,000
Mr. Yeung Yun Chuen	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	–	2,380,000	–	2,380,000
Mr. Yeung Yun Kei	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	–	2,310,000	–	2,310,000
Mr. Yeung Yun Kei	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	–	2,310,000	–	2,310,000
Mr. Yeung Yun Kei	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	–	2,380,000	–	2,380,000
Mr. Leung Siu Sun	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	–	2,310,000	–	2,310,000
Mr. Leung Siu Sun	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	–	2,310,000	–	2,310,000
Mr. Leung Siu Sun	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	–	2,380,000	–	2,380,000
Mr. Wu Kam On Keith	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	–	1,320,000	–	1,320,000
Mr. Wu Kam On Keith	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	–	1,320,000	–	1,320,000
Mr. Wu Kam On Keith	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	–	1,360,000	–	1,360,000
Mr. Yeung Ho Wang	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	–	1,320,000	–	1,320,000
Mr. Yeung Ho Wang	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	–	1,320,000	–	1,320,000
Mr. Yeung Ho Wang	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	–	1,360,000	–	1,360,000
Independent non-executive Director								
Mr. Ng Ngai Man Raymond	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	–	448,800	–	448,800
Mr. Ng Ngai Man Raymond	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	–	448,800	–	448,800
Mr. Ng Ngai Man Raymond	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	–	462,400	–	462,400
Mr. Wong Wai Leung Joseph	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	–	448,800	–	448,800
Mr. Wong Wai Leung Joseph	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	–	448,800	–	448,800
Mr. Wong Wai Leung Joseph	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	–	462,400	–	462,400
Mr. Chan Chun Bong Junbon	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	–	448,800	–	448,800
Mr. Chan Chun Bong Junbon	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	–	448,800	–	448,800
Mr. Chan Chun Bong Junbon	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	–	462,400	–	462,400
Employees	2022 Option	18.8.2021	18.8.2023-17.8.2026	HK$0.2056	–	21,093,600	–	21,093,600
Employees	2022 Option	18.8.2021	18.8.2024-17.8.2026	HK$0.2056	–	21,093,600	–	21,093,600
Employees	2022 Option	18.8.2021	18.8.2025-17.8.2026	HK$0.2056	–	21,732,800	–	21,732,800
					–	104,000,000	–	104,000,000
Exercisable at the end of the year								–
Weighted average exercise price								HK$0.2056

31. SHARE OPTION SCHEMES *(continued)*

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

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

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

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

At 31 March 2023, the total number of shares in respect of which options under the Scheme had been granted and remained outstanding was 105,220,000, representing 8% of the shares of the Company in issue at that date. The options outstanding at the end of year have a weight average remaining contractual life is approximately 3.47 years.

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

31. SHARE OPTION SCHEMES *(continued)*

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

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

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

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

The Group recognised share-based payments expense of approximately HK$3,144,000 during the year ended 31 March 2023 (2022: HK$1,846,000) in relation to the share options granted by the Company and net off with share options forfeited before the vesting period.

32. DISPOSAL OF SUBSIDIARIES

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

Net liabilities at the date of disposal were as follows:

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

33. CAPITAL COMMITMENTS

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

	2023 HK$'000	2022 HK$'000
Property, plant and equipment		
– Contracted but not provided for	**5,945**	693

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2021	177,758	646,473	824,231
Financing cash flows	2,553	(249,406)	(246,853)
Non-cash changes			
– Addition	–	120,037	120,037
– Lease modifications and termination	–	(29,891)	(29,891)
– Rent concessions related to COVID-19	–	(20,201)	(20,201)
– Finance charges	4,603	16,066	20,669
– Disposal of subsidiaries	–	(35,596)	(35,596)
– Exchange realignment	–	3,968	3,968
At 31 March 2022 and 1 April 2022	**184,914**	**451,450**	**636,364**
Financing cash flows	**114,865**	**(279,896)**	**(165,031)**
Non-cash changes			
– Addition	**–**	**174,212**	**174,212**
– Lease modifications and termination	**–**	**(2,501)**	**(2,501)**
– Rent concessions related to COVID-19	**–**	**(5,625)**	**(5,625)**
– Finance charges	**9,147**	**11,682**	**20,829**
– Disposal of subsidiaries	**–**	**(3,975)**	**(3,975)**
– Exchange realignment	**–**	**(4,812)**	**(4,812)**
At 31 March 2023	**308,926**	**340,535**	**649,461**

35. RELATED PARTY TRANSACTIONS

(a) Related party transactions

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

	2023 HK$'000	2022 HK$'000
Purchase of foods	**5,125**	7,963
Gain on lease termination	**–**	350

These related companies were controlled by the Controlling Shareholders and/or their family members. During the year ended 31 March 2023, the Controlling Shareholders and/or their family members disposed of their entire interests in these related companies. These related companies have ceased to be related parties of the Group.

As at 31 March 2023, the right-of-use assets related to the restaurants leased from these related companies amounted to HK$nil (2022: HK$96,015,000) and lease liabilities of HK$729,000 (2022: HK$119,757,000) are due to these related companies of the Group. Depreciation and impairment of right-of-use assets related to these restaurants amounted to HK$94,703,000 (2022: HK$95,264,000) and interest on lease liabilities to these related companies of the Group amounted to HK$1,683,000 (2022: HK$2,032,000) during the year ended 31 March 2023.

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

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

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2023 HK$'000	2022 HK$'000
Current assets		
Due from subsidiaries	**127,112**	130,461
Due from joint venture	**165**	165
Cash and cash equivalents	**860**	899
	128,137	131,525
Current liabilities		
Other payables and accruals	**2,325**	1,729
Due to subsidiaries	**11,599**	11,599
	13,924	13,328
Net assets	**114,213**	118,197
Capital and reserves		
Share capital	**1,300**	1,300
Reserves	**112,913**	116,897
Total equity	**114,213**	118,197

	Share premium HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2021	540,140	–	(419,461)	120,679
Total comprehensive loss for the year	–	–	(5,628)	(5,628)
Share-based payments	–	1,846	–	1,846
At 31 March 2022 and 1 April 2022	**540,140**	**1,846**	**(425,089)**	**116,897**
Total comprehensive loss for the year	**–**	**–**	**(7,128)**	**(7,128)**
Share-based payments	**–**	**3,144**	**–**	**3,144**
At 31 March 2023	**540,140**	**4,990**	**(432,217)**	**112,913**

37. LEASE COMMITMENT

The Group as a lessor

The Group subleases its leased buildings in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

	2023 HK$'000	2022 HK$'000
Within one year	**18,678**	17,248
After one year but within two years	**11,444**	13,402
After two year but within three years	**2,811**	6,382
	32,933	37,032

38. CONTINGENT LIABILITIES

At the end of each of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	2023 HK$'000	2022 HK$'000
Bank guarantees given in lieu of rental and utility deposits	**16,652**	17,770

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name	Place/Country of incorporation/ registration and Principal place of operation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Right Proceed Limited	Hong Kong	HK$1	–	100%	Property holding
Chung Chun Enterprises Limited	Hong Kong	HK$38,000	–	100%	Restaurant operation
China Easy Investment Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Sino Emotion Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Sino Target Investments Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Centralink International Development Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Sino Talent Investment Limited	Hong Kong	HK$1	–	100%	Restaurant operation
New Central Hong Kong Development Limited	Hong Kong	HK$100	–	100%	Restaurant operation
China Beauty Enterprises Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Gold China Enterprise Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Sino Well Properties Limited	Hong Kong	HK$1	–	100%	Restaurant operation

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Name	Place/Country of incorporation/ registration and Principal place of operation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China Topworld Investment Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Extreme Limited	Hong Kong	HK$1	–	100%	Restaurant and supermarket operation
China Enviro Enterprises Limited	Hong Kong	HK$1,000,000	–	100%	Restaurant operation
Sino Favour (Hong Kong) Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Park Sun Property Agency Limited	Hong Kong	HK$10,000	–	100%	Restaurant operation
Middle East Development Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Central Loyal Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Sino Copper Limited	Hong Kong	HK$1	–	100%	Restaurant operation
New Central Industrial Limited	Hong Kong	HK$80,000	–	100%	Restaurant operation
China Harvest (Hong Kong) Limited	Hong Kong	HK$1	–	100%	Restaurant and supermarket operation
China Forward Development Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Base Development Limited	Hong Kong	HK$10,000	–	100%	Restaurant operation
China Order Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Central Crest Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Korean Catering Concepts Limited	Hong Kong	HK$1	–	100%	Restaurant and supermarket operation
Glory Food Services Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Central Champion Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Central Green International Limited	Hong Kong	HK$1	–	100%	Restaurant and food court operation
Centro (Asia) Limited	Hong Kong	HK$500,000	–	100%	Restaurant and supermarket operation
China Elegant Industrial Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Excellent International Limited	Hong Kong	HK$1,000,000	–	100%	Restaurant operation
China Kings Development Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Professional Asia Limited	Hong Kong	HK$1	–	100%	Restaurant and supermarket operation
China Start Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Weal (HK) Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Luck China International Trading Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Mid Well Investments Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Food International Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Sino Scene Development Limited	Hong Kong	HK$100	–	100%	Restaurant operation
Grander Creation Limited	Hong Kong	HK$2,000,000	–	100%	Food court operation
Super Rich International Limited	Hong Kong	HK$3,800	–	70%	Restaurant operation
Central King Development Limited	Hong Kong	HK$1	–	100%	Restaurant operation
China Show Industrial Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Central Group (Hong Kong) Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Best Food Development Limited	Hong Kong	HK$1	–	100%	Supermarket operation
Central Ocean Catering Limited	Hong Kong	HK$300,000	–	100%	Restaurant operation
Central South Catering Limited	Hong Kong	HK$500,000	–	100%	Restaurant operation
Central Place Catering Limited	Hong Kong	HK$1	–	100%	Food court operation
Century High Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Sino Skyway Catering Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Sino Sunlight Catering Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Goldion Enterprise Limited	Hong Kong	HK$1	–	100%	Restaurant operation

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Name	Place/Country of incorporation/ registration and Principal place of operation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Sino Trend Enterprise Limited	Hong Kong	HK$500,000	–	100%	Restaurant operation
Sino Linkage Enterprise Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Fulum Business Services Limited	Hong Kong	HK$1	–	100%	Business services
Sino Lucky Catering Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Sino Gain Catering Limited	Hong Kong	HK$1,000,000	–	100%	Restaurant operation
Sino Smart Catering Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Sino Star Catering Limited	Hong Kong	HK$1,000,000	–	100%	Restaurant operation
Sino Union Catering Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Sino Place Industrial Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Best Purchase Development Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Best Market Development Limited	Hong Kong	HK$1	–	100%	Restaurant operation
Best Point Development Limited	Hong Kong	HK$500,000	-	100%	Restaurant operation
Sino Rank Limited	Hong Kong	HK$1	–	100%	Processing, sale and distribution of food products
Fulum Food (International) Limited	Hong Kong	HK$1	–	100%	Sales and distribution of food products
Sino Forest Limited	Hong Kong	HK$1	–	100%	Owner of trademarks
Full King Credit Limited	Hong Kong	HK$100,000	–	100%	Money lending
廣州加盈餐飲管理有限公司*	PRC	HK$23,000,000	–	100%	Restaurant operation
珠海中域富臨餐飲管理有限公司*	PRC	HK$15,000,000	–	100%	Restaurant operation
福建中浩富臨餐飲管理有限公司*	PRC	HK$15,000,000	–	100%	Restaurant operation
中花食品進出口貿易(深圳)有限公司*	PRC	HK$1,000,000	–	100%	Sales and distribution of food products

* These companies are registered as wholly-foreign-owned enterprises established under PRC law.

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

40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The changes included the reclassification of income related to food court operations previously classified under other income and gains, net to revenue. The new classification of the accounting items was considered to provide a more appropriate presentation to the consolidated financial statements of the Group.

41. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 June 2023.

Five-Year Financial Summary

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

	Year ended 31 March				
	2023 HK$'000	2022 HK$'000 (Restated)	2021 HK$'000	2020 HK$'000	2019 HK$'000
RESULTS					
REVENUE	**1,641,488**	1,450,074	1,172,682	1,853,918	2,627,192
Cost of inventories sold	**(491,469)**	(514,641)	(385,932)	(642,780)	(778,226)
	1,150,019	935,433	786,750	1,211,138	1,848,966
Other income and gains, net	**82,696**	112,050	170,527	36,121	18,104
Staff costs	**(549,327)**	(479,727)	(388,778)	(683,798)	(880,271)
Property rentals and related expenses	**(77,407)**	(60,233)	(68,959)	(188,374)	(471,443)
Depreciation of right-of-use assets	**(230,405)**	(229,467)	(265,659)	(245,363)	–
Depreciation of property, plant and equipment	**(59,165)**	(61,780)	(61,234)	(79,630)	(85,514)
Fuel and utility expenses	**(84,112)**	(87,991)	(85,825)	(121,430)	(157,953)
Other expenses	**(180,482)**	(141,493)	(126,180)	(250,248)	(227,122)
Share of loss in a joint venture	**(1,000)**	(3)	–	–	–
Losses from impairment/write-off of non-financial assets	**(7,315)**	(14,049)	(52,254)	(241,592)	(1,571)
Losses from impairment/write-off of financial assets	**(719)**	(506)	(4,222)	(28,562)	(2,137)
Finance costs	**(20,829)**	(20,669)	(26,071)	(25,344)	(345)
PROFIT/(LOSS) BEFORE TAX	**21,954**	(48,435)	(121,905)	(617,082)	40,714
Income tax expense	**(825)**	(734)	(287)	(20,021)	(15,134)
PROFIT/(LOSS) FOR THE YEAR	**21,129**	(49,169)	(122,192)	(637,103)	25,580
Attributable to:					
Owners of the Company	**21,138**	(49,169)	(122,192)	(637,476)	25,496
Non-controlling interests	**(9)**	–	–	373	84
	21,129	(49,169)	(122,192)	(637,103)	25,580

ASSETS AND LIABILITIES

	As at 31 March				
	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000
TOTAL ASSETS	**991,230**	995,949	1,206,087	1,011,357	1,202,420
TOTAL LIABILITIES	**845,949**	874,262	1,037,995	724,463	264,065
NON-CONTROLLING INTERESTS	**(2,570)**	–	–	–	684
TOTAL EQUITY	**145,281**	121,687	168,092	286,894	938,355

Fulum Group Holdings Limited
富臨集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
Stock Code 股份代號: 1443