

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



Fulum Group Holdings Limited
富臨集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1443)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

HIGHLIGHTS

- Revenue was approximately HK\$1,841.2 million (2023: approximately HK\$1,641.5 million), representing an increase of approximately 12.2%
- Gross profit margin¹ was at approximately 72.6% (2023: approximately 70.1%), representing an increase of approximately 2.5%
- Earnings before interest expense, tax, depreciation and amortisation were approximately HK\$373.8 million (2023: approximately HK\$332.4 million)
- Profit for the year attributable to owners of the Company was approximately HK\$50.6 million² (2023: profit attributable to owners of the Company of approximately HK\$21.1 million)
- Basic earnings per share³ was approximately HK\$3.89 cents (2023: basic earnings per share of approximately HK\$1.63 cents)
- The Board recommends a final dividend of HK\$0.3 cents per ordinary share for the year ended 31 March 2024

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

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

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

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Fulum Group Holdings Limited (the “**Company**”, together with its subsidiaries collectively, the “**Group**”), hereby announces the consolidated results of the Group for the year ended 31 March 2024, together with comparative figures for the year ended 31 March 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	1,841,212	1,641,488
Other income and gains, net	6	21,778	21,707
Cost of inventories sold		(505,280)	(491,469)
Government subsidies		–	60,989
Staff costs		(637,612)	(549,327)
Property rentals and related expenses		(63,751)	(77,407)
Depreciation of right-of-use assets		(271,608)	(230,405)
Depreciation of property, plant and equipment		(58,203)	(59,165)
Fuel and utility expenses		(96,886)	(84,112)
Other expenses		(180,732)	(180,482)
Share of loss in a joint venture		(4,194)	(1,000)
Reversals of/(losses from) impairment/write-off of non-financial assets		273	(7,315)
Losses from impairment/write-off of financial assets		(1,058)	(719)
Finance costs	7	(31,936)	(20,829)
Profit before tax		12,003	21,954
Income tax credit/(expense)	8	38,571	(825)
Profit for the year	9	50,574	21,129
Other comprehensive loss:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(279)	(1,479)
		(279)	(1,479)
Total comprehensive income for the year		50,295	19,650

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Owners of the Company		50,584	21,138
Non-controlling interests		(10)	(9)
		<u>50,574</u>	<u>21,129</u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		50,305	19,659
Non-controlling interests		(10)	(9)
		<u>50,295</u>	<u>19,650</u>
Earnings per share			
– <i>Basic and diluted (HK\$ cent)</i>	<i>11</i>	<u>3.89</u>	<u>1.63</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		183,315	175,739
Right-of-use assets		666,942	400,280
Deposits and other receivables		52,837	52,186
Deferred tax assets		41,855	4,184
		944,949	632,389
Current assets			
Inventories		76,448	81,103
Trade receivables	<i>12</i>	16,877	11,077
Prepayments, deposits and other receivables		104,585	90,189
Amount due from a joint venture		9,811	4,941
Tax recoverable		5	1,774
Cash and cash equivalents		121,790	169,757
		329,516	358,841
Current liabilities			
Trade payables	<i>13</i>	54,452	63,663
Other payables, accruals and deferred income		129,470	110,765
Interest-bearing bank borrowings		281,353	308,926
Lease liabilities		261,727	148,179
Provision		3,341	5,246
Tax payable		6,466	6,345
		736,809	643,124
Net current liabilities		(407,293)	(284,283)
TOTAL ASSETS LESS CURRENT LIABILITIES		537,656	348,106

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Non-current liabilities			
Accruals and deferred income		1,482	3,324
Lease liabilities		335,577	192,356
Provision		7,184	5,830
Deferred tax liabilities		–	1,315
		<u>344,243</u>	<u>202,825</u>
NET ASSETS		<u>193,413</u>	<u>145,281</u>
Capital and reserves			
Share capital	<i>14</i>	1,300	1,300
Reserves		<u>194,693</u>	<u>146,551</u>
Equity attributable to owners of the Company		195,993	147,851
Non-controlling interests		<u>(2,580)</u>	<u>(2,570)</u>
TOTAL EQUITY		<u>193,413</u>	<u>145,281</u>

NOTES

1. GENERAL INFORMATION

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

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

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

2. GOING CONCERN BASIS

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

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

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

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

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

An analysis of revenue is as follows:

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

Disaggregation of revenue from contracts with customers:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Geographical markets		
Hong Kong	1,753,542	1,575,418
PRC	87,670	66,070
	<u>1,841,212</u>	<u>1,641,488</u>
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Information about timing of revenue recognition		
At a point in time	1,790,940	1,599,177
Over time	11,954	13,997
	<u>1,802,894</u>	1,613,174
Rental income from food court operations	<u>38,318</u>	28,314
	<u>1,841,212</u>	<u>1,641,488</u>

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.

5. SEGMENT INFORMATION

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

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

Information about geographical areas

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

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Hong Kong	798,309	536,132
PRC	<u>51,948</u>	<u>39,887</u>
	<u><u>850,257</u></u>	<u><u>576,019</u></u>

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 2024 and 2023, none of the Group’s individual customer contributed more than 10% to the total revenue of the Group.

6. OTHER INCOME AND GAINS, NET

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

Note:

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

7. FINANCE COSTS

		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank overdrafts and bank loans		13,032	9,147
Interest on lease liabilities		18,904	11,682
		<u>31,936</u>	<u>20,829</u>

8. INCOME TAX (CREDIT)/EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong Profits Tax:		
– Current tax	289	4,120
PRC Enterprise Income Tax (“EIT”):		
– Current tax	126	44
Deferred tax:	<u>(38,986)</u>	<u>(3,339)</u>
	<u>(38,571)</u>	<u>825</u>

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

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

9. PROFIT FOR THE YEAR

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

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

10. DIVIDENDS

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

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

11. EARNINGS PER SHARE

Basic earnings per share

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

Diluted earnings per share

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

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

12. TRADE RECEIVABLES

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

The Group's trading terms with its customers are mainly on cash and credit card settlement while trading terms for sale of food are on credit with credit periods ranging from 30 to 60 days (2023: 30 to 60 days). The Group seeks to maintain strict control over its outstanding receivables to minimise

credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

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

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At beginning of year	12,914	12,195
Impairment losses	850	719
At end of year	13,764	12,914

13. TRADE PAYABLES

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

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

14. SHARE CAPITAL

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

15. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank guarantees given in lieu of rental and utility deposits	<u>19,635</u>	<u>16,652</u>

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements which mentions that as at 31 March 2024 the Group had net current liabilities of HK\$407 million. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

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

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

During the period under review, since the HKSAR government fully relaxed its border restrictions, Hong Kong has experienced a “retaliatory” tourism boom during long holidays. A surge of Hong Kong people travelling north to shop during weekends and holidays has led to a downturn in the local consumer market. In terms of visitor arrivals, according to the statistics of the Hong Kong Tourism Board, the number of visitor arrivals in the first quarter of this year has increased by 1.5 times year-on-year to 11.23 million, with a 5% increase quarter-on-quarter, indicating a return of tourists to Hong Kong. However, due to the convenient high-speed rail system and cross-border

transportation, a low-cost “no overnight” travel style has become trendy among tourists from Mainland China, which had limited support for the overall business environment and consumer spending. Data from the Census and Statistics Department shows that although the total value of restaurant receipts rebounded sharply by 26.1% for the entire year of 2023, performance has been deteriorating from quarter to quarter. The seasonally adjusted provisional estimate of total restaurant receipts for the fourth quarter of last year dropped by 0.7% in volume terms quarter-on-quarter. In the first quarter of this year, the provisional estimate of total restaurant receipts by value was HK\$28.2 billion, and the seasonally adjusted provisional estimate of total restaurant receipts by value and by volume decreased by 1.8% and 2.4% quarter-on-quarter respectively. Analysed by type of restaurant, total receipts of Chinese restaurants decreased by 1.8% year-on-year in volume, while total receipts of non-Chinese restaurants also decreased by 1.5% year-on-year in volume. These figures reflect a difficult and challenging business environment for the catering industry.

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

Business Review

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

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

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

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

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

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

Financial Review

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

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

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

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

Prospects and Outlook

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

Financial resources and liquidity

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

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

As at 31 March 2024, the Group's total borrowings amounted to approximately HK\$281.4 million (2023: approximately HK\$308.9 million), which mainly consisted of term loans in the amount of approximately HK\$265.7 million (2023: approximately HK\$293.2 million) and a revolving loan of approximately HK\$15.7 million (2023: approximately HK\$15.7 million). These borrowings were denominated in Hong Kong dollars, and the effective interest rates ranged from approximately 5.33% to 6.72% per annum.

Capital expenditure

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

Contingent liabilities

As at 31 March 2024, the Group had contingent liabilities not provided for in the consolidated financial statements in the amount of approximately HK\$19.6 million in relation to bank guarantees given in lieu of rental and utility deposits (2023: approximately HK\$16.7 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 2024, the Group had approximately 1,922 employees. The Group believes that hiring, motivating and retaining qualified employees are crucial to the Group's success as a restaurant operator. During the year under review, the Group conducted a series of standardised training and advancement programs for all the Group's staff, from serving staff, cashiers, floor managers, chefs, restaurant managers to district managers. These training programs intend to ensure that all new staff are equipped with the skills required for their positions. The Group's internal advancement programs can provide its staff with clear advancement guidelines and promote employee satisfaction. The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance and commission/bonuses.

Indebtedness and charges on Group's assets

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

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

Material acquisition or disposal of subsidiaries or associated companies

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

Dividends

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

Share Option Schemes

The Company has adopted a post-IPO share option scheme (the “**Share Option Scheme**”) on 28 October 2014, pursuant to which, the Directors may grant options to eligible participants to subscribe for Shares at a price determined by the Board provided that the exercise price shall not be less than whichever is the highest of (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the Stock Exchange daily quotations sheet on the offer date; and (iii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheet for the five business days immediately preceding the offer date. The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which may be determined and conveyed by the Board to the grantee at the time an offer is made. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 13 November 2014.

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

Directors

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

Employees

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

Notes:

- As for the share options granted on 18 August 2021 (the “**2021 Date of Grant**”), 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, at any time after the expiration of 24, 36 and 48 months, respectively, from the 2021 Date of Grant.
- As for the share options granted on 30 November 2022 (the “**2022 Date of Grant**”), 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, at any time after the expiration of 12, 24 and 36 months, respectively, from the 2022 Date of Grant.
- As for the share options granted on 22 March 2023 (the “**2023 Date of Grant**”), 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, at any time after the expiration of 12, 24 and 36 months, respectively, from the 2023 Date of Grant.
- 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.
- 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 Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) so that after exercise of such share options, the public float requirements will not be violated.
- Share options of 8,925,000 lapsed during the year ended 31 March 2024.

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 C1 to the Listing Rules. Throughout the year ended 31 March 2024, the Board considered that the Company has complied with the code provisions set out in the CG Code.

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

Model Code of Securities Transactions by Directors

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

Purchases, sale or redemption of listed securities

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

Public Float

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

Events after the year under review

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 announcement.

Audit Committee

The primary duties of audit committee of the Company (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.

The Audit Committee comprises all three independent non-executive Directors, namely, Mr. Ng Ngai Man Raymond, Mr. Wong Wai Leung Joseph and Mr. Chan Chun Bong Junbon with Mr. Wong Wai Leung Joseph being the chairman of the Audit Committee. The Audit Committee has reviewed the Group's consolidated statements for the year ended 31 March 2024. The Audit Committee was of the opinion that the preparation of such results complied with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

Scope of work of ZHONGHUI ANDA CPA Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

Closure of register of members

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

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

Publication of annual results announcement and annual report

This annual results announcement is published on the Company's website (www.fulumgroup.com) and the Stock Exchange's website (www.hkexnews.hk). The annual report of the Company for the year ended 31 March 2024 containing all the information required under the Listing Rules will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course.

By order of the Board
Fulum Group Holdings Limited
YEUNG WAI
Chairman and Executive Director

Hong Kong, 28 June 2024

As at the date of this announcement, the Board comprises Mr. Yeung Wai (Chairman), Mr. Yeung Ho Wang (CEO), Mr. Yeung Yun Kei, Mr. Leung Siu Sun, and Mr. Yeung Chun Nin as executive Directors; Mr. Wu Kam On Keith (Vice Chairman) as non-executive Director; and Mr. Ng Ngai Man Raymond, Mr. Wong Wai Leung Joseph and Mr. Chan Chun Bong Junbon as independent non-executive Directors.