StarGlory Holdings Company Limited
榮暉控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

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RESULTS

The board of directors (the "**Board**") of the Company hereby announces the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the year ended 31 March 2024 (the "**Reporting Period**"), together with the comparative audited consolidated figures for the corresponding year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

	Notes	**2024** *HK$'000*	2023 *HK$'000*
Revenue	*2*	**99,391**	162,508
Cost of sales		**(51,205)**	(75,531)
Gross profit		**48,186**	86,977
Other income	*3*	**850**	8,838
Gain on disposal of subsidiaries	*4*	**6,087**	–
Gain on disposal of a business		**–**	418
Impairment of interest in an associate	*5(b)*	**(2,888)**	–
Operating expenses		**(64,252)**	(105,639)
Operating loss		**(12,017)**	(9,406)
Finance costs	*5(a)*	**(3,906)**	(5,519)
Loss before income tax	*5*	**(15,923)**	(14,925)
Income tax (expenses)/credit	*6(a)*	**(381)**	900
Loss for the year		**(16,304)**	(14,025)
Loss for the year attributable to:–			
Owners of the Company		**(16,205)**	(12,391)
Non-controlling interests		**(99)**	(1,634)
		(16,304)	(14,025)
Loss per share (HK cents)	*7*		
– Basic		**(3.11)**	(2.38)
– Diluted		**(3.11)**	(2.38)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	2024	2023
	HK$'000	*HK$'000*
Loss for the year	**(16,304)**	(14,025)
Other comprehensive (loss)/income:		
Items that may be subsequently reclassified to profit or loss:–		
Exchange gain arising from translation of financial statements of foreign operations	**920**	1,313
Release of exchange reserve upon disposal of subsidiaries	**(2,290)**	–
Other comprehensive (loss)/income for the year, net of tax	**(1,370)**	1,313
Total comprehensive loss for the year	**(17,674)**	(12,712)
Total comprehensive loss for the year attributable to:–		
Owners of the Company	**(16,439)**	(10,451)
Non-controlling interests	**(1,235)**	(2,261)
	(17,674)	(12,712)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**1,437**	3,114
Right-of-use assets	*8*	**6,668**	14,224
Goodwill		**–**	–
Other intangible assets		**5,077**	5,907
Interest in an associate		**4,825**	–
Deferred tax assets		**–**	381
		18,007	23,626
CURRENT ASSETS			
Inventories		**247**	369
Debtors, deposits and prepayments	*9*	**15,056**	17,354
Cash and cash equivalents	*10*	**21,233**	31,390
		36,536	49,113
DEDUCT:–			
CURRENT LIABILITIES			
Creditors and accruals	*11*	**30,746**	24,065
Other loans	*12*	**108,549**	105,256
Contract liabilities		**856**	1,154
Lease liabilities	*13*	**5,877**	13,988
Convertible bonds		**40,000**	–
		186,028	144,463
NET CURRENT LIABILITIES		**(149,492)**	(95,350)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**(131,485)**	(71,724)
NON-CURRENT LIABILITIES			
Creditors and accruals	*11*	**–**	125
Lease liabilities	*13*	**1,732**	6,939
Convertible bonds		**–**	40,000
		1,732	47,064
NET LIABILITIES		**(133,217)**	(118,788)
REPRESENTING:–			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		**41,662**	41,662
Reserves		**(174,879)**	(158,440)
		(133,217)	(116,778)
NON-CONTROLLING INTERESTS		**–**	(2,010)
TOTAL EQUITY		**(133,217)**	(118,788)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company									
	Share capital HK$'000	Accumulated losses HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Convertible bonds equity reserve HK$'000	Other reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1.4.2022	41,662	(410,285)	258,889	3,801	(675)	1,390	17	(105,201)	(1,254)	(106,455)
Acquisition of additional equity interest in a subsidiary – *Note*	–	(1,126)	–	–	–	–	–	(1,126)	1,126	–
Capital contribution from a non-controlling shareholder	–	–	–	–	–	–	–	–	379	379
Total comprehensive loss										
Loss for the year	–	(12,391)	–	–	–	–	–	(12,391)	(1,634)	(14,025)
Other comprehensive income:–										
Exchange gain/(loss) arising from translation of financial statements of foreign operations	–	–	–	–	1,940	–	–	1,940	(627)	1,313
Total comprehensive loss for the year	–	(12,391)	–	–	1,940	–	–	(10,451)	(2,261)	(12,712)
At 31.3.2023 and 1.4.2023	41,662	(423,802)	258,889	3,801	1,265	1,390	17	(116,778)	(2,010)	(118,788)
Disposal of subsidiaries – *Note 4*	–	–	–	–	–	–	–	–	3,245	3,245
Total comprehensive loss										
Loss for the year	–	(16,205)	–	–	–	–	–	(16,205)	(99)	(16,304)
Other comprehensive income:–										
Exchange gain/(loss) arising from translation of financial statements of foreign operations	–	–	–	–	2,056	–	–	2,056	(1,136)	920
Release of exchange reserve upon disposal of subsidiaries – *Note 4*	–	–	–	–	(2,290)	–	–	(2,290)	–	(2,290)
Total comprehensive loss for the year	–	(16,205)	–	–	(234)	–	–	(16,439)	(1,235)	(17,674)
At 31.3.2024	41,662	(440,007)	258,889	3,801	1,031	1,390	17	(133,217)	–	(133,217)

Note: On 15 April 2022, the Group acquired the remaining approximate 30% of the issued share capital of 華胤（深圳）生物科技有限公司 held by a non-controlling shareholder for a cash consideration of RMB100 (equivalent to approximately HK$114). Immediately prior to the purchase, the negative carrying amount of the approximate 30% non-controlling interests in 華胤（深圳）生物科技有限公司 was HK$1,126,000.

Notes:

1. BASIS OF PREPARATION

StarGlory Holdings Company Limited (the "**Company**") was incorporated in the Cayman Islands on 13 November 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The principal place of its business is 6/F., Southland Building, 48 Connaught Road Central, Central, Hong Kong. The Group are principally engaged in the provision of food and beverage services. The ultimate controlling party of the Group as at 31 March 2024 was Ms. Huang Li ("**Ms. Huang**" or the "**Controlling Shareholder**").

The Company is listed on GEM of the Stock Exchange.

(a) Compliance with Hong Kong Financial Reporting Standards

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

(b) Initial application of HKFRSs

In the current year, the Group initially applied the following amendments to HKFRSs:–

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 1 to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

(c) HKFRSs in issue but not yet effective

The following new and amendments to HKFRSs in issue at 31 March 2024 have not been applied in the preparation of these consolidated financial statements since they were not yet effective for the annual period beginning on 1 April 2023:–

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS I	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The Group is in the process of making an assessment of what the impact of these HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

(d) Adoption of the going concern basis

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on a going concern basis notwithstanding that as at 31 March 2024, the Group had net current liabilities and net liabilities of approximately HK$149,492,000 and HK$133,217,000 respectively as the Directors considered that:–

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

(2) On 8 April 2024, Mr. Tang Sing Ming Sherman ("**Mr. Tang**"), as a lender, who is also the sole beneficial owner of the convertible bonds ("**Convertible Bonds**") issued by the Company, signed a memorandum of loans with a subsidiary of the Company, pursuant to which repayment date of a loan from Mr. Tang with an outstanding balance of principal and interest of approximately HK$99,431,000 as at 31 March 2024 was extended (the "**Extension**") from 22 June 2024 to 22 June 2025 (the "**Extended Loan**"). The Extended Loan bears the same term after the Extension. The rest of the loan from Mr. Tang is unsecured, interest-free and repayable on demand.

After taking into consideration of the above factors and funds expected to be generated internally based on the Directors' estimation on the future cash flows of the Group, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

2. REVENUE

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

	2024	2023
	HK$'000	*HK$'000*
Revenue from customers and recognized at a point in time		
– Provision of food and beverage services and others	**20,786**	32,055
– Sales of cakes and others	**78,605**	130,263
– Sales of healthcare products	**–**	190
	99,391	162,508

3. OTHER INCOME

	2024	2023
	HK$'000	*HK$'000*
Government grants – *Note 3(a)*	**–**	6,053
Interest income – *Note 3(b)*	**379**	578
Service fee income	**–**	1,475
Exchange gain, net	**241**	56
Waiver of interest expenses on other loans – *Note 3(c)*	**–**	375
Miscellaneous items	**230**	301
	850	8,838

Notes:–

(a) For the year ended 31 March 2023, government grants represented the approved amount of wages subsidies under the Employment Support Scheme launched by the government of the HKSAR and subsidies received from the Anti-epidemic Fund of the government of the HKSAR.

(b) Amount included imputed interest income on rental deposits of HK$212,000 (2023: HK$223,000).

(c) During the year ended 31 March 2023, the Group repaid certain other loans earlier than the original maturities, pursuant to which the lender agreed to waive the relevant interest payable in full.

4. GAIN ON DISPOSAL OF SUBSIDIARIES

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

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

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

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

5. LOSS BEFORE INCOME TAX

	2024	2023
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging/(crediting):–		
(a) Finance costs:–		
Interest expenses on other loans	**1,174**	1,657
Interest expense on convertible bonds	**800**	800
Imputed interest expense on reinstatement provision	**–**	6
Interest expenses on lease liabilities	**663**	963
Other bank charges	**1,269**	2,093
	3,906	5,519
(b) Other items:–		
Amortization of other intangible assets	**830**	764
Depreciation of plant and equipment	**2,183**	3,406
Depreciation of right-of-use assets	**8,313**	21,976
Auditor's remuneration for audit services	**650**	679
Variable lease payment not included in the measurement of lease liabilities	**539**	2,726
COVID-19 related rent concessions from lessors	**–**	(115)
Short-term lease expenses	**2,569**	5,505
Loss on leases modification	**–**	217
Directors' remuneration	**992**	1,020
Staff salaries and others benefits	**29,401**	54,866
Retirement scheme contributions	**1,281**	2,404
Other staff costs	**30,682**	57,270
Cost of sales (including other direct expenses and overhead cost of HK$Nil (2023: HK$16,884,000))	**51,206**	75,191
Impairment provision on inventories	**–**	340
Impairment of interest in an associate	**2,888**	–
Impairment provision on other debtors	**3,581**	–
(Reversal of impairment)/impairment provision on trade debtors	**(205)**	205
Loss on disposal and written off of plant and equipment, net	**606**	45

6. INCOME TAX

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

	2024	2023
	HK$'000	*HK$'000*
Current tax: –		
– Over-provision in prior year	**–**	(14)
Deferred tax expenses/(credit)	**381**	(886)
Income tax expenses/(credit)	**381**	(900)

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

(ii) The Company's subsidiaries incorporated/established in Hong Kong and the People's Republic of China ("**PRC**") are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax at the rates of 16.5% and 25% respectively (2023: Hong Kong – 16.5% and PRC – 25% respectively).

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

	2024	2023
	HK$'000	*HK$'000*
Loss before income tax	**(15,923)**	(14,925)
Tax effect at the Hong Kong profits tax rate of 16.5% (2023: 16.5%)	**(2,627)**	(2,463)
Tax rates differential	**(148)**	549
Tax effect of income that are not taxable	**(1,158)**	(1,191)
Tax effect of expenses that are not deductible	**2,872**	1,823
Tax effect of unused tax losses not recognized	**1,717**	1,576
Tax effect of deductible temporary differences not recognized	**(275)**	(137)
Tax effect of utilization of tax losses not recognized	**–**	(1,043)
Over-provision in prior year	**–**	(14)
Income tax expenses/(credit)	**381**	(900)

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

The Group's total tax loss from its Hong Kong subsidiaries and PRC subsidiaries are approximately HK$71,908,000 (2023: HK$64,435,000) and RMB34,782,000 (2023: RMB37,584,000), respectively. The unrecognized tax losses accumulated in the Hong Kong subsidiaries of the Company amounted to approximately HK$71,908,000 (2023: HK$57,775,000) can be carried forward indefinitely. The unrecognized tax losses accumulated in PRC subsidiaries amounted to approximately RMB34,782,000 (2023: RMB37,584,000) can be carried forward for a maximum of five years. The unrecognized tax losses accumulated in PRC subsidiaries amounted to approximately RMB5,436,000 (2023: RMB4,978,000) were lapsed during the year. Tax losses and deductible temporary differences have not been recognized as deferred tax assets owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the tax losses and deductible temporary differences.

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$16,205,000 (2023: HK$12,391,000) and the weighted average number of ordinary shares of 520,771,875 (2023: ordinary shares of 520,771,875) in issue during the years ended 31 March 2024 and 2023.

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in decrease in loss for both 2024 and 2023.

8. RIGHT-OF-USE ASSETS

	Leasehold properties *HK$'000*
Cost:–	
At 1.4.2023	52,798
Exchange adjustment	(30)
Additions	779
Expiry of leases arrangements	(26,793)
At 31.3.2024	**26,754**
Accumulated depreciation:–	
At 1.4.2023	32,033
Exchange adjustment	(8)
Charge for the year	8,313
Expiry of leases arrangements	(26,793)
At 31.3.2024	**13,545**
Accumulated impairment:–	
At 1.4.2023 and 31.3.2024	**6,541**
Net book value:–	
At 31.3.2024	**6,668**

	Leasehold properties *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:–			
At 1.4.2022	55,909	982	56,891
Exchange adjustment	(313)	–	(313)
Additions	7,279	–	7,279
Expiry of leases arrangements	(14,863)	–	(14,863)
Leases modification	4,640	–	4,640
Transfer from/(to) plant and equipment	146	(982)	(836)
At 31.3.2023	52,798	–	52,798
Accumulated depreciation:–			
At 1.4.2022	28,435	634	29,069
Exchange adjustment	(118)	–	(118)
Charge for the year	21,771	205	21,976
Expiry of leases arrangements	(14,863)	–	(14,863)
Leases modification	(3,192)	–	(3,192)
Transfer to plant and equipment	–	(839)	(839)
At 31.3.2023	32,033	–	32,033
Accumulated impairment:–			
At 1.4.2022 and 31.3.2023	6,541	–	6,541
Net book value:–			
At 31.3.2023	14,224	–	14,224

The Group has entered into lease agreements to obtain the right to use properties as its office premises, restaurants, cafés and cake shops and as a result recognized corresponding lease liabilities (Note 13). The leases (other than short-term leases) typically run for an initial period of 1 to 6 years. In determining the lease term, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Lease payments

Leases of restaurants, cafés and cake shops are either with only fixed lease payments or contain variable lease payment that are based on 10% to 15% (2023: 9% to 25%) of sales and minimum annual lease payment that are fixed over the lease term. The payment terms are common in restaurants, cafés and cake shops in the locations where the Group operates. Leases of office premises, warehouses and staff quarters are with fixed lease payments only. The amounts of fixed and variable lease payments paid/payable to relevant lessors (including short-term leases and net of COVID-19 related rent concessions granted in 2023) for the years ended 31 March 2024 and 2023 include:

2024

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

2023

	Number of leases	Fixed payments *HK$'000*	Variable payments *HK$'000*	Total payments *HK$'000*
Office premises, staff quarters and motor vehicles without variable lease payments	9	4,547	–	4,547
Restaurants, cafés and cake shops without variable lease payments	1	684	–	684
Restaurants, cafés and cake shops with variable lease payments	35	23,011	2,611	25,622
Total	45	28,242	2,611	30,853

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

Short-term lease expenses

Information regarding short-term lease expenses are disclosed in Note 5(b). The Group regularly enters into short-term leases for its cake shops.

Restrictions or covenants on leases

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

Rent concessions

During the year ended 31 March 2023, lessors of certain of restaurants, cafés and cake shops provided rent concessions that occurred as a direct consequence of Covid-19 pandemic to the Group.

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in HKFRS 16.46B. The Group applied the practical expedient not to assess whether the changes constitute leases modification. The effects of changes in lease payments due to forgiveness or waiver by the lessors for the relevant lease of approximately HK$115,000 were recognized as negative variable lease payments.

Extension option

The Group had extension option in a lease for 1 cake shop for the year ended 31 March 2023. This was used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The extension option held is exercisable only by the Group.

The Group assessed at lease commencement date whether it was reasonably certain to exercise the extension option. The potential exposures to these future lease payments for extension option in which the Group was not reasonably certain to exercise was summarized below:

	Lease liabilities recognized as at 31 March 2023	Potential future lease payments not included in lease liabilities (undiscounted) 31 March 2023
	HK$'000	*HK$'000*
Cake shop – Hong Kong	244	1,620

In addition, the Group reassessed whether it was reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee. During the year ended 31 March 2023, there was no such triggering event.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:–

	2024	2023
	HK$'000	*HK$'000*
Trade debtors	**693**	1,937
Less: loss allowance	**–**	(205)
	693	1,732
Rental and utility deposits	**6,812**	12,647
Prepayments	**5,011**	829
Other debtors	**2,540**	2,146
	15,056	17,354

(a) Loss allowance

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

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

	2024	2023
	HK$'000	*HK$'000*
At beginning of the year	**205**	478
Provision for the year	**–**	205
Reversal of impairment	**(205)**	–
Written off of uncollectible debts	**–**	(478)
At end of the year	**–**	205

(b) Aging analysis

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

	2024	2023
	HK$'000	*HK$'000*
0-30 days	**643**	1,669
31-60 days	**12**	16
61-90 days	**4**	20
91-180 days	**34**	27
	693	1,732

(c) Trade debtors that are not impaired

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

	2024	2023
	HK$'000	*HK$'000*
Neither past due nor impaired	**643**	1,669
Past due but not impaired:–		
1-30 days	**12**	16
31-60 days	**4**	20
61-90 days	**34**	27
	50	63
	693	1,732

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

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

The Group applies the simplified approach to provide for expected credit losses ("**ECL**") prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade debtors. To measure the ECL, these debtors have been grouped based on shared credit risk characteristics and the aging from billing.

10. CASH AND CASH EQUIVALENTS

	2024	2023
	HK$'000	*HK$'000*
Cash and bank balances	**21,233**	31,390

As at 31 March 2024, cash and cash equivalents of the Group which is denominated in RMB amounted to approximately HK$10,208,000 (2023: approximately HK$1,232,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

11. CREDITORS AND ACCRUALS

Creditors and accruals comprise:–

	2024	2023
	HK$'000	*HK$'000*
Trade creditors	**16,556**	6,379
Accruals and provisions	**5,281**	4,800
Interest payables	**7,166**	5,350
Other creditors and payables	**1,743**	7,661
	30,746	24,190
Less: amounts classified in non-current liabilities	**–**	(125)
Amounts classified in current liabilities	**30,746**	24,065

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

	2024	2023
	HK$'000	*HK$'000*
0-30 days	**969**	4,185
31-60 days	**696**	1,385
61-90 days	**1,855**	160
91-180 days	**5,227**	348
Over 180 days	**7,809**	301
	16,556	6,379

12. OTHER LOANS

	2024	2023
	HK$'000	*HK$'000*
Other loans – current	**108,549**	105,256

Other loan from a lender of approximately HK$97,864,000 (2023: HK$97,864,000) as at 31 March 2024 is unsecured, carries interest rate at 0.1% per month and repayable on 22 June 2024 (2023: 22 June 2023). Remaining loans of HK$2,536,000 (2023: HK$2,674,000) are interest-free, unsecured and repayable on demand. On 8 April 2024, Mr. Tang Sing Ming Sherman, as the lender, who is also the sole beneficial owner of the Convertible Bonds issued by the Company, signed a memorandum of loans with a subsidiary of the Company, pursuant to which repayment date of a loan from Mr. Tang with an outstanding balance of principal and interest of approximately HK$99,431,000 as at 31 March 2024 was extended from 22 June 2024 to 22 June 2025. The Extended Loan bears the same term after the Extension. The rest of the loan from Mr. Tang is interest-free, unsecured and repayable on demand.

Interest payable to this lender of approximately HK$1,567,000 (2023: HK$393,000) is included in interest payables.

Other loan of approximately HK$8,149,000 (2023: HK$4,718,000) as at 31 March 2024 is unsecured and interest-free (2023: carries interest rate at 4.35% per annum). The loan is repayable on 26 February 2025.

Interest payable to this lender of approximately HK$Nil (2023: HK$159,000) is included in interest payables.

13. LEASE LIABILITIES

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

	Present value of minimum lease payments		**Minimum lease payments**	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable:–				
Within one year	**5,877**	13,988	**6,119**	14,639
In the second to fifth year	**1,732**	6,939	**1,814**	7,175
	7,609	20,927	**7,933**	21,814
Less: Future finance charges			**(324)**	(887)
Present value of lease obligation			**7,609**	20,927

14. RELATED PARTY AND CONNECTED TRANSACTIONS

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

The remunerations of Directors and other members of key management personnel during the year ended 31 March 2024 and 2023 were as follows:

Directors and key management personnel remunerations	**2024** ***HK$'000***	2023 *HK$'000*
Fees	**820**	1,020
Salaries, allowances and other benefits in kind	**3,789**	3,476
Performance related bonuses	**166**	193
Retirement scheme contributions	**65**	54
	4,840	4,743

15. SEGMENT INFORMATION

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

During the year ended 31 March 2024, the Group principally operated in two business units, and had two reportable and operating segments: food and beverage and healthcare business.

(a) Segment revenue and results

For the year ended 31 March 2024

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

	Food and beverage		**Healthcare**		**Total**	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue (external)	**99,391**	162,318	**–**	190	**99,391**	162,508
Segment loss	**(5,130)**	(3,513)	**(870)**	(6,090)	**(6,000)**	(9,603)
Interest income					**379**	578
Impairment of interest in an associate					**(2,888)**	–
Exchange gain, net					**241**	56
Finance costs					**(3,906)**	(5,519)
Gain on disposal of subsidiaries					**6,087**	–
Government grants					**–**	6,053
Loss allowance on other debtors					**(3,581)**	–
Depreciation of plant and equipment					**(92)**	(1)
Depreciation of right-of-use assets					**(1,415)**	(1,854)
Unallocated operating expenses					**(4,748)**	(4,635)
Loss before income tax					**(15,923)**	(14,925)

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

(b) Segment assets and liabilities

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

As at 31 March 2024

Segment assets

	Food and beverage		**Healthcare**		**Total**	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**23,791**	37,136	**5,475**	5,168	**29,266**	42,304
Unallocated assets					**25,277**	30,435
Consolidated total assets					**54,543**	72,739

Segment liabilities

	Food and beverage		Healthcare		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment liabilities	**111,095**	134,946	**1,990**	8,984	**113,085**	143,930
Unallocated liabilities					**74,675**	47,597
Consolidated total liabilities					**187,760**	191,527

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

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

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

(c) Segment information

For the year ended 31 March 2024

	Food and beverage		Healthcare		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation of plant and equipment	**2,091**	3,274	**–**	131	**2,091**	3,405
Depreciation of right-of-use assets	**6,620**	19,426	**278**	696	**6,898**	20,122
Franchise and royalties expenses	**3,010**	4,213	**–**	–	**3,010**	4,213
Short term lease expenses	**2,569**	5,119	**–**	–	**2,569**	5,119
Amortization of other intangible assets	**830**	764	**–**	–	**830**	764
Additions to non-current assets	**173**	6,042	**–**	32	**173**	6,074

(d) Geographical information

	PRC		Hong Kong		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**–**	190	**99,391**	162,318	**99,391**	162,508
Service fee income from contract with customers	**–**	–	**–**	1,475	**–**	1,475
Total revenue and other income from contracts with customers	**–**	190	**99,391**	163,793	**99,391**	163,983
Non-current assets	**1,101**	853	**16,906**	22,773	**18,007**	23,626

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

(e) Major customers

The Group's customer base is diversified and no revenue from transactions with a single external customer amount to 10% or more of the Group's revenue for the years ended 31 March 2024 and 2023.

16. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 March 2024 and 2023 nor up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's audited revenue for the Reporting Period amounted to approximately HK$99.4 million (2023: approximately HK$162.5 million), representing a decrease of approximately 38.8% compared with the last financial year. Loss attributable to owners of the Company was approximately HK$16.2 million (2023: approximately HK$12.4 million) for the Reporting Period, representing an increase of approximately 30.8% compared with the last financial year. The increase was primarily due to the decrease in revenue, decrease in other income, impairment of interest in an associate, impairment provision on other debtors in which outweighed the impact of gain on disposal of under-performing subsidiaries. Decrease in operating expenses resulted from effective cost control measures and improved operational efficiency were also contributing factors during the Reporting Period. Further detailed explanations can be found in the financial review section.

INDUSTRY OVERVIEW

During the Reporting Period, the escalation of recent conflicts in the Middle East, coupled with Russia's military aggression against Ukraine, significantly increased global geopolitical risks. Despite the impact of elevated interest rates in major economies across the globe, implemented as a measure to curb historically high levels of inflation, the global economy grew at a steadier pace, supported by favorable supply developments. The International Monetary Fund ("**IMF**") forecast that it would continue to grow at a rate of 3.2% during 2024 and 2025 amid diminished risks to the global economic landscape.

Hong Kong's economy enjoyed a stable recovery in 2023, propelled largely by the lifting of COVID-19 pandemic restrictions and the resumption of normal travel. However, these positive developments were somewhat dampened by the presence of challenges such as weak local consumption, a slumping stock market and waning economic confidence. Data from the Census and Statistics Department indicated that gross domestic product ("**GDP**") increased by 2.7% in real terms during the first quarter of 2024, down from 4.3% in the fourth quarter of 2023. In line with this subdued economic growth, private consumption expenditure increased by a meagre 1% in real terms during the first quarter of 2024, a 2.5% drop from the fourth quarter of 2023.

Against the backdrop of a weaker economic performance and almost static private consumption, the food & beverage industry found itself in a complex, challenging operating environment. Data from OpenRice Market Insights revealed that 401 restaurants ceased operations in October 2023, followed by another wave of closures of 406 restaurants in November 2023, and 314 more closures in December 2023 amid heightened rivalry among local eateries. Tough competition and a growing trend of Hong Kong residents "tripping north" to Shenzhen are the main drivers of Hong Kong's food & beverage industry downturn.

In China, a deep property crisis, increased local government debt and deflationary risks hindered the country's economic recovery during the first half of 2023. Despite these challenges, the country enjoyed a rebound in its industrial and service sectors, alongside a resurgence in consumption and an improvement in foreign trade and private investment beginning in the second half of the year, driving GDP 5.2% higher in 2023 compared to that in 2022 and 5.3% higher during the first quarter of 2024 than that in the fourth quarter of 2023.

To address the challenges at hand, the Chinese government has embarked on a large-scale program to boost the country's industrial output, emphasizing the high-tech manufacturing of electric vehicles ("**EVs**"), solar panels and batteries, while also promoting equipment renewals and consumer goods trade-ins with the aim of encouraging both industrial equipment upgrades and consumer purchases of new cars and home appliances.

The implementation of these measures produced a significant upswing in external demand and a 10% increase in manufacturing investment during the first quarter of 2024, as reported by the National Bureau of Statistics.

The recognition of a clean, low-carbon, safe, energy-efficient system as a fundamental requisite feature of modern energy infrastructure in China has driven the implementation of a range of supportive policies and incentives aimed at facilitating the sector's rapid development. Notably, the Chinese government's "14th Five-Year Plan: Modern Energy System Planning" outlines a strategic vision of establishing a more self-sufficient energy reserve system by 2025.

Guided by these supportive measures, China has made remarkable progress in renewable energy, boosting renewable power generation capacity by an unprecedented 301GW in 2023, using solar, wind and hydro power sources. This boom in market development is further bolstered by accelerated progress across the diverse segments of the renewable energy domain, including photovoltaic ("**PV**") cells and proton exchange membrane hydrogen production. These two innovative renewable energy technologies have widespread applications in numerous industries poised for promising growth, including PV power stations, PV heating systems, building-integrated PVs and PV transportation applications. The renewable energy market has seen substantial expansion globally, with a projected compound annual growth rate of 8.91% between 2022 and 2027. The surge in global energy demand, growing government support for clean energy, and escalating investments in renewable technologies are key drivers of this growth.

In the e-cigarette market, growing demand has prompted many nations to enforce more stringent policies and regulations for the industry. According to a 2023 report published by the World Health Organization, regulatory frameworks for electronic nicotine delivery systems are now in place in 121 countries and territories. This worldwide move towards stricter control and supervision of the e-cigarette industry constitutes a substantial hindrance to its expansion.

BUSINESS REVIEW

Hong Kong's economy continued to encounter various challenges during the Reporting Period. Despite persistent efforts by the Hong Kong government to promote economic growth through initiatives such as the Night Vibes Hong Kong campaign and mega-events, the local food and beverage industry continued to grapple with challenges such as ongoing labor shortages, escalating operating expenses, and a growing tendency among Hong Kong residents to venture north to mainland China to spend, resulting in testing times for the local industry.

These challenges severely hindered revenue generation in the Group's food and beverage business during the Reporting Period. Leveraging the strength of its flagship brand, Italian Tomato, alongside its reputation in Hong Kong's food & beverage industry, the Group has been enhancing the design of its restaurants and modifying menu options to increase the appeal of its brand and culinary offerings among local customers. In particular, the Group provided timely and generous discounts linked to various festive seasons and kept up with the latest trends by introducing a range of cakes and related products featuring popular cartoon characters, with the aim of driving customer traffic and generating stable revenue. Yet the increase in travel by Hong Kong residents to mainland China during holidays impacted customer traffic in the Group's restaurants, compounding the difficulties in its operations.

In face of these challenges, the Group continued to implement stringent cost control measures by balancing the cost-to-revenue ratio of food and beverage expenses. This was made possible by the Group's deft decision to outsource manufacturing processes starting in the fourth quarter of the last financial year, alongside the implementation of rigorous inventory control practices, operational standards and procurement efficiencies, ensuring strict cost control while maintaining the supply of high-quality cakes to its customers.

During the Reporting Period, the Group initiated a blueprint for its activities in the renewable energy industry. The increasing significance of clean and renewable energy, alongside the Chinese government's efforts to press ahead with meeting its "dual-carbon" targets, the introduction of favourable policies, and general price reductions across the industrial value chain have resulted in substantial demand for new PV installations. In light of this, the Group has dedicated itself to exploring opportunities in the PV market since the second half of the Reporting Period.

PV precision wire mesh is a crucial component for manufacturing PV cells, so the Group has been carrying out preliminary market research to understand the prevailing trends in the PV sector and has entered into a memorandum of understanding with the Harbin Institute of Technology, Weihai, to jointly develop PV precision wire mesh technology. Due diligence was completed successfully in December 2023, and the Group managed to secure an exclusive sales agreement, alongside intellectual property rights and patents for precision wire mesh technology.

The Group has also been studying the possibility of venturing into the titanium fibre sintered felt business. In joint research efforts with the Harbin Institute of Technology, Weihai, the Group successfully created the first domestically produced titanium fibre sintered felt with wire diameters within the 8-11 micron range, and it is currently in the process of applying for patents. The Group will adopt a prudent approach to tapping the renewable energy sector, taking into account reasonable returns of segment business operations and its own financial condition.

In the oral care business, the Group has acknowledged the significant challenges that exist in the domestic market, such as fierce competition and formidable entry barriers, and it therefore took a strategic decision to halt its endeavours in the industry during the first half of the Reporting Period. Following that decision, the Group divested the entirety of its share capital in Huayin (Shenzhen) Biotechnology Co., Ltd. (華胤(深圳)生物科技有限公司)("**Huayin Biotechnology**") and its subsidiaries (collectively known as the "**Huayin Biotechnology Group**") to an independent third party and a subsidiary of Huayin Biotechnology during the Reporting Period for a cash consideration of RMB2 (equivalent to approximately HK$2), which resulted in a gain on disposal of approximately HK$6.1 million.

As for the e-cigarette business, considering the increasingly stringent regulations imposed by governments worldwide on the industry, which include limitations on advertising, sales restrictions, flavour bans and strict controls on public use, the Group has decided to shift its focus towards the other existing businesses and other new business opportunities.

FUTURE PROSPECTS

The IMF anticipates that global growth will remain steady yet slow in 2024, with a forecast of 3.2% on account of the greater-than-expected resilience observed in the United States, alongside several major emerging market and developing economies, as well as the fiscal support provided by China. Risks to global growth are broadly balanced, with cooling inflation and steady growth across the world's key economies.

In China, despite substantial advances in industries such as tourism and renewable energy, the economy continues to face challenges, particularly the persistent weakness in the property sector and mounting local government debt. Given that the country's first-quarter GDP growth was slightly higher than expected, due partly to fiscal and monetary stimulus measures, analysts have generally shown increasing optimism that is more in line with the Chinese government's objectives, suggesting a shift in sentiment and a possible increase in overall growth projections.

The concept of "new quality productive forces" has been introduced by President Xi Jinping to advocate for innovative productive forces boasting advanced productivity, high quality and substantially improved total factor productivity. As part of this national strategic initiative, China's "new trio" of industries – EVs, lithium-ion batteries, and PV products – all thrive on transforming traditional industries and are expected to make significant contributions to growth.

In accordance with this overarching objective, the Group has strategically positioned its new business development in the renewable energy sector. Specifically, it has been devoting more resources to venturing into the fields of PV precision wire mesh and titanium fibre sintered felt, essential components in the PV and hydrogen energy industries. To fuel future growth, the Group plans to install 10 PV precision wire mesh production lines by the end of 2024, with estimated production capacity of 80 million units in the first year after installation. While actively pursuing strategic technology collaboration partnerships, the Group has already established an exclusive sales agreement with a leading battery cell manufacturer in the PV industry. In the field of titanium fibre sintered felt technology, it will continue to work with the research team from the Harbin Institute of Technology, Weihai. In joint collaborative research and development efforts, the Group has successfully manufactured its first batches of titanium fibre sintered felt and dispatched them to prospective clients for further evaluation. Looking ahead, the Group will continue to advance its research and development efforts in the renewable energy industry and explore potential collaborative business ventures with leading enterprises to expand the scope of its business activities.

In Hong Kong, given the complex external circumstances, the city's real GDP growth for full-year 2024 is expected to be 2.5% to 3.5%, with slower private consumption growth. To lift the local economy, the government has taken further steps to hold more than 200 mega-promotional events in 2024 in a bid to attract more tourists and boost consumption. The city's economy is expected to revive gradually with more visitor arrivals, driving growth in inbound travel and stimulating the local retail market.

Seizing these opportunities, the Group will persist in its cautious, pragmatic approach to operating its food and beverage business. With a steadfast commitment to delivering exceptional quality and service to its customers, it is dedicated to enhancing its competitiveness through the enhancement of point-of-sale systems, optimization of procurement processes, implementation of stringent cost control measures, and provision of thorough staff training, with the aim of improving overall margins and profitability.

Beyond this, the Group holds fast to the principle of prioritizing customer satisfaction, and it conducts regular surveys and feedback exercises to closely monitor their evolving preferences. This enables the Group to make timely adjustments and enhancements to its menu offerings. Given customers' enduring appetite for limited-time offers and seasonally featured products, the Group will continue its pursuit of new promotion partners and the reinforcement of collaborations with Japanese prefectural institutions. Such a strategic approach aims to introduce an array of seasonal specialties, augmenting consumer satisfaction, enticing new patrons and retaining the loyalty of existing ones.

The Group is committed to strengthening its digitalization initiatives by leveraging artificial intelligence technologies and big data. These endeavors will involve enhancing its loyalty membership scheme and aiming to foster sustainable, robust customer relationships. Simultaneously, the Group aims to create cohesive and integrated dining experiences across its restaurants and stores, which will help it to gain a deeper understanding of its customers. In response to the continued popularity of meal deliveries, the Group will enhance its partnerships with local online food delivery platforms and introduce compelling offers to boost sales.

The Group believes the outlook for the e-cigarette industry is uncertain, due mainly to the imposition of more stringent regulations on the tobacco sector. Consequently, it remains vigilant and has been dedicating greater resources to the renewable energy business and other existing businesses, which shows higher growth potential.

FINANCIAL REVIEW

Consolidated results of operations

For the Reporting Period, the Group recorded a total revenue of approximately HK$99.4 million (2023: approximately HK$162.5 million), from provision of food and beverage services of approximately HK$99.4 million (2023: from provision of food and beverage services and sales of healthcare products of approximately HK$162.3 million and HK$0.2 million respectively), representing a decrease of approximately 38.8% for the food and beverage section compared to the last financial year, which was mainly held back by the decrease in number of customers and fierce competition in the food and beverage market, despite a series of stimulated measures imposed by the local government. The resumption of outbound travel, leading to reduced consumption and posing challenges to local caterers, impacted consumers' local sentiment and consumption as the data indicated that the exodus of residents had caused operators in food and beverage industry to face challenges with a drop in business. Moreover, the operating environment became increasingly difficult as a large number of entrants entered into the food and beverage market, resulting in an even more intensified competition. Consequently, the Group's food and beverage business performance was inevitably affected. And, due to fierce market competition, revenue contributed from sales of healthcare products, which mainly represented by oral care products, fell short of expectations during the Reporting Period.

Loss attributable to owners of the Company was approximately HK$16.2 million (2023: approximately HK$12.4 million).

Gross profit

The gross profit margin from the operations of the Group was approximately 48.5% (2023: approximately 53.5%), the decrease was mainly caused by the increase in cost of sales during the Reporting Period as compared to the last financial year, resulting from the commencement of outsourcing of the Group's cakes manufacturing process, starting from the fourth quarter of last financial year. Despite a decrease in gross profit margin recorded, the management noted the benefit from the resources deployed in shop operation is more worthwhile than that in factory operations, the Group has thus started such strategy since the fourth quarter of last financial year with the aim to optimize the cost structure including staff costs and some other operating expenses. The move was implemented successfully as the Group recorded a reduction in total operating expenses by approximately 38.2% to approximately HK$65.3 million (2023: approximately HK$105.6 million).

Other income

Other income of the Group for the Reporting Period decreased by 90.4% to approximately HK$0.9 million (2023: approximately HK$8.8 million). The decrease was mainly due to the impact of no wage subsidies under the Employment Support Scheme launched by the HKSAR Government were received and recognized as other income during the Reporting Period while subsidies in the sum of approximately HK$5.6 million under such a scheme was recorded in other income during the last financial year and no subsidy under the food licence holders subsidy scheme launched by the HKSAR Government were received and recognized as other income during the Reporting Period while a one-off subsidy of HK$400,000 under such a scheme was recorded in other income during the corresponding period last year.

Gain on disposal of subsidiaries

In the second quarter of the Reporting Period, the Group further disposed of its entire interests in the issued share capital of Huayin Biotechnology Group to an independent third party and a subsidiary of Huayin Biotechnology, at an aggregate cash consideration of RMB2 (equivalent to approximately HK$2). As a result of the disposal, the Group recorded a gain on disposal of subsidiaries of approximately HK$6.1 million.

Impairment of interest in an associate

Impairment of interest in an associate of approximately HK$2.9 million (2023: HK$Nil) was made as the recoverable value of an associate company, Weihai Qingying Precision Technology Company Limited（威海清影精工科技有限公司）, was lower than the carrying amount under subsequent impairment assessment due to making loss subsequently and not yet commence massive production.

Operating expenses

The Group strived to exercise stringent cost control and further enhanced operational efficiency during the Reporting Period. As a result, total operating expenses for the operations decreased by approximately 39.2% to approximately HK$64.3 million (2023: approximately HK$105.6 million). The decrease in operating expenses as compared to last financial year was in line with the decrease in revenue and also resulted from optimizing the cost structure including staff costs and some other operating expenses. In addition, because of the unsatisfactory performance of the Group's healthcare business, the Group's management decided to temporarily suspend sales channels for its oral care products during the first quarter of the Reporting Period and cut back on operating expenses for this segment as a result.

A breakdown of the operating expenses are set out below:

	2024	2023
	HK$'000	*HK$'000*
Amortization of other intangible assets	**830**	764
Auditor's remuneration	**650**	679
Building management fee and rates	**2,476**	3,118
Cleaning	**812**	1,377
Depreciation of plant and equipment – *Note (a)*	**2,183**	3,190
Depreciation of right-of-use assets – *Note (b)*	**8,313**	21,772
Directors' remuneration	**992**	1,020
Franchise and royalties	**3,010**	4,283
Impairment provision on trade debtors	**–**	205
Impairment provision on other debtors – *Note (c)*	**3,581**	–
Insurance	**686**	787
Legal and professional fee	**2,067**	1,836
Loss on disposal and written off of plant and equipment	**606**	45
Marketing	**163**	1,934
Other staff costs – *Note (d)*	**30,682**	46,456
Repair and maintenance	**170**	1,079
Short-term lease expenses	**2,569**	5,505
Loss on leases modification	**–**	217
Takeaway supplies	**1,546**	2,607
Utilities	**1,813**	2,769
Variable lease payment not included in the measurement of lease liabilities	**539**	2,726
Others	**564**	3,270
	64,252	105,639

Notes:

(a) The total depreciation of plant and equipment charged for the year ended 31 March 2024 was approximately HK$2,183,000 (2023: approximately HK$3,406,000), of which, approximately HK$2,183,000 (2023: approximately HK$3,190,000) and approximately HK$Nil (2023: approximately HK$216,000) were included in operating expenses and cost of sales, respectively.

(b) The total depreciation of right-of-use assets charged for the year ended 31 March 2024 was approximately HK$8,313,000 (2023: approximately HK$21,976,000), of which, approximately HK$8,313,000 (2023: approximately HK$21,772,000) and approximately HK$Nil (2023: approximately HK$204,000) were included in operating expenses and cost of sales, respectively.

(c) Impairment provision on other debtors represents provision on receivable from 華胤(深圳)生物科技有限公司, an subsidiary disposed in the second quarter of the Reporting Period as disclosed above.

(d) The total staff costs incurred for the year ended 31 March 2024 was approximately HK$30,682,000 (2023: approximately HK$57,270,000), of which, approximately HK$30,682,000 (2023: approximately HK$46,456,000) and approximately HK$Nil (2023: approximately HK$10,814,000) were included in operating expenses and cost of sales, respectively.

Financial resources and liquidity

As at 31 March 2024, the Group's current assets amounted to approximately HK$36.5 million (2023: approximately HK$49.1 million) of which approximately HK$21.2 million (2023: approximately HK$31.4 million) was cash and cash equivalents, approximately HK$15.1 million (2023: approximately HK$17.4 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to approximately HK$186.0 million (2023: approximately HK$144.5 million), including creditors and accruals in the amount of approximately HK$30.7 million (2023: approximately HK$24.1 million), approximately HK$108.5 million (2023: approximately HK$105.3 million) was other loans.

As at 31 March 2024, convertible bonds issued by the Company amounted to approximately HK$40 million (2023: approximately HK$40 million). On 13 August 2021, the Company entered into the third supplemental deed with the bondholder pursuant to which the Company and the bondholder agreed to extend the maturity date of the Convertible Bond (as defined in the announcement of the Company dated 13 August 2021) for 36 months from the date falling on the sixth anniversary of the date of issue of the convertible bonds, being 15 August 2021, to 15 August 2024. As such, the Convertible Bonds (as defined in the announcement of the Company dated 13 August 2021) amounting to approximately HK$40 million which will mature within twelve months was classified as current liabilities as at 31 March 2024 while classified as non-current liabilities as at 31 March 2023.

The current ratio and quick assets ratio of the Group as at 31 March 2024 were 0.20 and 0.17 respectively (2023: 0.34 and 0.34 respectively). As the Group incurred net liabilities as at 31 March 2024 and 31 March 2023, there is no debt-to-equity ratio, which is expressed as a ratio of total debts less cash and bank balances to total equity, to be calculated. The gearing ratio of the Group, which is calculated by dividing total liabilities (being non-current liabilities and current liabilities) over total assets (being non-current assets and current assets) as at the end of the year and multiplying by 100% was 344% (2023: 263%).

Foreign exchange

During the years ended 31 March 2024 and 31 March 2023, the Group conducted commercial transactions in the PRC denominated in Renminbi. Fluctuations in exchange rates of Renminbi against Hong Kong Dollar could affect the Group's results of operations.

During the Reporting Period, no hedging transactions or other exchange rate arrangements were made (2023: Nil).

Charges on the Group's assets

No Group's assets had been pledged or charged as at 31 March 2024 (2023: Nil).

Capital Structure

The Group's operations were financed mainly by internal funds, loans from the sole beneficial owner of the convertible bonds issued by the Company, loans from independent third party and fund raised from rights issue. The Group will continue to adopt its treasury policy of placing its cash and cash equivalents as interest-bearing deposits. The Group's cash and cash equivalents were mainly denominated in Hong Kong dollar and the Group's other loans and convertible bonds issued by the Company both were denominated in Hong Kong dollar, as at 31 March 2024 amounted to approximately HK$100,400,000 and HK$40,000,000 respectively (2023: approximately HK$100,538,000 and HK$40,000,000 respectively). As at 31 March 2024, the Group's borrowings with fixed interest rates amounted for 100% (2023: 100%) of total borrowings.

Acquisition, disposal and significant investment held

On 17 July 2023, the Group disposed of its entire interests in the issued share capital of 華胤生物科技 Group to an independent third party and a subsidiary of 華胤生物科技, at an aggregate cash consideration of RMB2 (equivalent to approximately HK$2).

On 18 December 2023, the Group invested RMB7.0 million (equivalent to approximately HK$7.7 million) in Weihai Qingying Precision Technology Company Limited（威海清影精工科技有限公司）, for acquiring its 20% equity interest and obtaining an exclusive sales right.

Save as disclosed above, the Group did not carry out significant acquisition or disposal of subsidiaries and associates or held any significant investment during the Reporting Period.

Save as disclosed in the section headed "Use of Proceeds From the Rights Issue" on page 35 to 37 of this results announcement, the Group did not have any specific future plans for material investments or capital assets as at 31 March 2024.

Capital commitments

As at 31 March 2024, the Group's outstanding capital commitments were approximately HK$1,875,000 (2023: approximately HK$7,996,000).

Contingent liabilities

As at 31 March 2024, the Group did not have material contingent liabilities (2023: Nil).

Dividend

No dividend has been paid or declared by the Company for the years ended 31 March 2024 and 2023 up to the date of this announcement.

Employees and remuneration policies

As at 31 March 2024, the Group had 62 full-time employees in Hong Kong and the PRC (2023: 115 full-time employees in Hong Kong and the PRC). The remuneration of employees of the Group is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward of their contributions. Other fringe benefits such as medical subsidies, medical insurance, education/training subsidies and pension fund plans are offered to most employees. Share options are granted at the discretion of the Board and under the terms and conditions of the share option schemes adopted on 26 February 2003, 20 July 2012 and 22 September 2023.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

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

Among the net proceeds (the "**Net Proceeds**") of the Rights Issue of approximately HK$99 million, as at 31 March 2024, approximately HK$34.6 million, HK$20.0 million, HK$2.9 million, HK$18.5 million and HK$13.0 million have been used as operation and expansion of the existing food and beverage business, the Company's corporate expenses, investment in e-cigarette business in the PRC, investment in medical and healthcare business and investment in renewable energy and new material respectively. As at 31 March 2024, approximately HK$10.0 million of the Net Proceeds remained unutilized and this remaining balance was kept in the Group's bank account. Set out below is the breakdown of the use of the Net Proceeds up to, and the balance thereof as at 31 March 2024:

Summary of use of the Net Proceeds

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

During the Reporting Period, the Group pursued a prudent yet efficient network expansion strategy and up to 31 March 2024, Net Proceeds amounting to approximately HK$34.6 million had been utilized for operating and expanding existing food and beverage business.

As at 31 March 2024, approximately HK$20.0 million has been used as the Company's corporate expenses.

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

In recognition of the growing importance of medical and healthcare services and products, the Group strives to grasp the prosperous opportunities in the domestic market, thereby strengthening its core competence through broadening its revenue base. After thorough study and consideration, up to 31 March 2024, approximately HK$18.5 million in total, which represented by HK$6.5 million and HK$12.0 million of the Net Proceeds from the Rights Issue which were originally reserved for the e-cigarette business and potential investment opportunities respectively, was reallocated and utilized to invest in the medical and healthcare business in the domestic market, including brand building, office set-up, expert recruitment and product development.

The Group has been aiming to expand its existing food and beverage business and continued to identify suitable acquisition targets during the Reporting Period. However, taking into account sluggish economic recovery, weak private consumption, poor consumer sentiment and intense competition, the food and beverage industry continued to experience a tough period of time, in which was further exacerbated by the increasing number of Hong Kong residents choosing to travel north for dining experiences. As a result, the Group adopted a relatively prudent approach in such business expansion. In order to weather the headwinds, the Group endeavored to explore potential acquisition opportunities in different markets. In view of the increasing significance of renewable energy, the Group allocated approximately HK$13.0 million from the Net Proceeds from the Rights Issue which were originally reserved for the potential investment opportunities towards its indirect wholly-owned subsidiaries for the advancement of research and development in renewable energy and new material products and businesses. This included a strategic investment of RMB7.0 million (equivalent to approximately HK$7.7 million) in Weihai Qingying Precision Technology Company Limited, acquiring a 20% equity stake in the company and obtaining an exclusive sales right in order to develop the sales business in this arena; the Group has also initiated a technology collaboration partnership with the Harbin Institute of Technology, Weihai, involving a one-off payment of RMB2.8 million (equivalent to approximately HK$3.1 million) for research and development operation, to enhance its renewable energy business through a comprehensive approach. As for the remaining amount of RMB2.0 million (equivalent to HK$2.2 million), it will be used for general operating capital. The Net Proceeds for potential investment opportunities purpose were still reserved and the unutilized balance of approximately HK$7.0 million allocated for this purpose is expected to be fully utilized by 31 July 2025. The actual timeline will be subject to the availability of appropriate acquisition targets, market condition and time required for performing due diligence work. As at the date of this announcement, the Board has not identified any suitable acquisition target.

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

EVENTS AFTER THE REPORTING PERIOD

Change of auditor of the Company

PKF Hong Kong Limited ("**PKF**") resigned as the auditor of the Company with effect from 25 April 2024 as (i) the Group could not reach a consensus with PKF on the audit fee for the year ended 31 March 2024; and (ii) the Board considers that the rotation of the auditor after an appropriate period of time is a good corporate governance practice and will enhance the independence of the auditor. With the recommendation from the audit committee of the Company (the "**Audit Committee**"), the Board has resolved to appoint KTC Partners CPA Limited as the new auditor of the Company with effect from 25 April 2024 to fill the casual vacancy following the resignation of PKF and to hold office until the conclusion of the next annual general meeting of the Company. For more details regarding the change of auditor of the Company, please refer to the announcement of the Company dated 25 April 2024.

PERMITTED INDEMNITY PROVISION

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

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate amounts of revenue attributable to the Group's five largest customers was less than 30% (2023: less than 30%) of the Group's total revenue. And, the aggregate amounts of purchases attributable to the Group's five largest suppliers accounted for approximately 93% (2023: approximately 56%) and our single largest supplier accounted for approximately 79% (2023: approximately 23%) of the Group's total purchases.

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

MANAGEMENT CONTRACTS

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

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

As at 31 March 2024, so far as the Directors were aware, the interests, short positions or long positions of the directors and the chief executives of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares of the Company

Name	Capacity in which interests are held	Number of Shares held	Approximate percentage of the Company's issued voting Shares *(Note 1)* %
Ms. Pang Xiaoli	Beneficial owner	410,000	0.08

Notes:

(1) Based on 520,771,875 ordinary Shares of the Company in issue as at 31 March 2024.

Save as disclosed above, as at 31 March 2024, so far as the Directors were aware, none of the Directors and the chief executives of the Company had any interest, short position or long position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests, short positions and long positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2024, according to the register kept by the Company pursuant to section 336 of the SFO, so far as the Directors were aware, the following persons (other than the Directors whose interests are disclosed above) had, or were deemed or taken to have, an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares of the Company

Name of shareholders	Capacity in which interests were held	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares	Approximate percentage of the Company's issued voting shares *(Note 4)* %
Oceanic Fortress Holdings Limited *(Note 1)*	Beneficial owner	296,887,066	–	296,887,066	57.01
Ms. Huang Li *(Note 1)*	Interest of corporation controlled by Ms. Huang Li	296,887,066	–	296,887,066	57.01
	Beneficial owner	5,280,000	–	5,280,000	1.01
Mr. Tang Sing Ming Sherman *(Note 2)*	Beneficial owner	–	71,428,571	71,428,571	13.72
Ms. Ho Ming Yee *(Note 3)*	Interest of a substantial shareholder's spouse	–	71,428,571	71,428,571	13.72

Notes:

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

(2) Mr. Tang Sing Ming Sherman holds the convertible bonds in respect of the outstanding principal amount of HK$40,000,000, under which a total of 71,428,571 ordinary shares would be issued upon full exercise of the conversion rights attaching thereto. Upon full conversion of the convertible bonds, Mr. Tang Sing Ming Sherman would hold 71,428,571 ordinary shares, representing approximately 13.72% of the issued share capital of the Company as at 31 March 2024.

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

(4) Based on 520,771,875 ordinary shares of the Company in issue as at 31 March 2024.

Save as disclosed above, as at 31 March 2024, so far as the Directors were aware, the Directors were not aware of any person (other than the Directors whose interests are disclosed above) who had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such capital.

SHARE SCHEME

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

No share option was granted during the year ended 31 March 2024 and 31 March 2023. And as at 31 March 2023 and 31 March 2024, there was no outstanding share option.

Save for the Share Option Schemes as disclosed above, the Group had no other share scheme (as defined under Chapter 23 of the GEM Listing Rules) in force during the Reporting Period and up to the date of this announcement.

COMPETING INTERESTS

As at 31 March 2024, none of the Directors, the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group or had any other conflicts of interest with the Group.

AUDIT COMMITTEE

The Company had established an Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee comprised three independent non-executive Directors, namely Mr. Chan Yee Ping Michael, Mr. Yang Haiyu and Mr. Zeng Shiquan. Following Mr. Zeng Shiquan's resignation with effect from 4 July 2023, Mr. Feng Xingwei has been appointed as a member of the Audit Committee in his place. Following Mr. Yang Haiyu's resignation with effect from 28 July 2023, Ms. Liao Sijie has been appointed as a member of the Audit Committee in his place. Following Mr. Feng Xingwei's and Ms. Liao Sijie resignation with effect from 11 December 2023, Ms. Pang Xiaoli and Ms. Zhang Wenjuan have been appointed as members of the Audit Committee in their place. Mr. Chan Yee Ping Michael currently serves as the chairman of the Audit Committee and he possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules.

Up to the date of approval of the Group's unaudited results for the year ended 31 March 2024, the Audit Committee had held four meetings and had reviewed the draft report and accounts for the year ended 31 March 2024 prior to recommending such report and accounts to the Board for approval.

DIRECTORS' SECURITIES TRANSACTIONS

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

CORPORATE GOVERNANCE

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 of the GEM Listing Rules throughout the Reporting Period.

SCOPE OF AUDITOR'S WORK ON ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary annual results announcement have been agreed by the Company's auditor, KTC Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2024. The work performed by KTC Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC Partners CPA Limited on the preliminary annual results announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 March 2024. The report includes paragraphs of an emphasis of matter, without qualification.

"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 ("**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 1(d) to the consolidated financial statements, which indicates that the Group incurred a net loss of HK$16,304,000 for the year ended 31 March 2024, and as at 31 March 2024, the Group's current liabilities and total liabilities exceeded its current assets and total assets by approximately HK$149,492,000 and HK$133,217,000, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

By Order of the Board
StarGlory Holdings Company Limited
Zhang Tao
Chairman and executive Director

Hong Kong, 28 June 2024

As at the date of this announcement, the executive Directors are Mr. Zhang Tao and Mr. Li Hongchen; and the independent non-executive Directors are Mr. Chan Yee Ping Michael, Ms. Pang Xiaoli and Ms. Zhang Wenjuan.

This announcement will remain on the "Latest Listed Company Information" page of The Stock Exchange of Hong Kong Limited website at www.hkexnews.hk for at least 7 days from the date of its posting and the website of the Company at www.stargloryhcl.com.