

# Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8510



# 2024

## Annual Report



## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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# CORPORATE INFORMATION

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3C, 3/F., Yue Xiu Industrial Building  
87 Hung To Road  
Kwun Tong  
Kowloon  
Hong Kong

## COMPANY'S WEBSITE

topstandard.com.hk

## COMPANY SECRETARY

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

## COMPLIANCE OFFICER

Mr. Chuk Stanley

## AUTHORISED REPRESENTATIVES

(for the purpose of the GEM Listing Rules)

Mr. Chuk Stanley  
Mr. Chu Pui Ki, Dickson

## AUDITOR

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

## EXECUTIVE DIRECTORS

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

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Chiu Ming, Jeremy  
Ms. Ding Weiyu (Note 1)  
Mr. Lynch Stephen Joseph Chor (Note 1)  
Mr. Wong Ching Wan (Note 2)  
Mr. Yip Ki Chi, Luke (Note 2)

Note 1: Appointed on 16 September 2024

Note 2: Resigned on 16 September 2024

Note 3: Appointed as chairman on 16 September 2024

## AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Tang Chiu Ming, Jeremy (Chairman) (Note 3)  
Ms. Ding Weiyu (Note 1)  
Mr. Lynch Stephen Joseph Chor (Note 1)  
Mr. Wong Ching Wan (Note 2)  
Mr. Yip Ki Chi, Luke (Note 2)

## REMUNERATION COMMITTEE

Mr. Tang Chiu Ming, Jeremy (Chairman)  
Mr. Chuk Stanley  
Ms. Ding Weiyu (Note 1)  
Mr. Lynch Stephen Joseph Chor (Note 1)  
Mr. Wong Ching Wan (Note 2)  
Mr. Yip Ki Chi, Luke (Note 2)

## NOMINATION COMMITTEE

Mr. Chuk Stanley (Chairman)  
Mr. Tang Chiu Ming, Jeremy  
Ms. Ding Weiyu (Note 1)  
Mr. Lynch Stephen Joseph Chor (Note 1)  
Mr. Wong Ching Wan (Note 2)  
Mr. Yip Ki Chi, Luke (Note 2)

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## PRINCIPAL BANKERS

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

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "**Board**"), I am pleased to announce the Group's annual results for the year ended 31 December 2024.

## FINANCIAL RESULTS

For the year ended 31 December 2024, the total revenue of the Group was approximately HK\$14.3 million. The total comprehensive expense for the year ended 31 December 2024 was approximately HK\$15.5 million (For the year ended 31 December 2023: Total comprehensive income of approximately HK\$4.0 million). The change from profit to loss position was mainly due to the absence of one-off gain on de-consolidation of approximately HK\$13.4 million recognized during the year ended 31 December 2023 and the recognition of significant impairment loss of approximately HK\$9.6 million during the year ended 31 December 2024.

## BUSINESS REVIEW AND PROSPECTS

In view of the tough situation faced by the catering industry in Hong Kong, the Group has ended all restaurants in Hong Kong during the year ended 31 December 2023 and at the same time started expanding its business to South-east Asia by setting up two restaurants in Malaysia. During the year ended 31 December 2024, the Group established another two restaurants in Malaysia and in this year, all of revenue generated from the catering businesses were contributed by overseas restaurants.

In view of the increase in revenue generated during the year 2024 of approximately 58%, which reflected the Group was consistently developing in accordance to its strategy to explore overseas markets and the results were remarkable, provided that it was only the second year for the Group to enter a new market.

The results attained during the year were also provided confidence to the Group that its vision to develop in overseas market is pointing at the right direction and decided to further expand consistently in the future. The overall environment such as the demand and preference of customers and the rental and staff cost level were also within the expectation of the Group. The Group is optimistic to the future development of the catering business in Malaysia and believes that our restaurants would bring more revenue to the Group in the coming future. At the same time, the Group would continuously explore new business possibilities including event management services in the South-east Asia, in order to maintain its market position and diversify and stabilize its source of income. Other than that the Group would also minimize costs and allocate resources more effectively in order to bring the restaurants start generating profits and hence to the Group and our shareholders as a whole.

Looking forward, the Group is optimistic to its existing business but at the same time would continue to take cautious actions to control costs and exploring new business opportunities within maintain our profitability and competitiveness in the market.

## APPRECIATION

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

**Chuk Stanley**  
*Chairman*

Hong Kong, 26 March 2025

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is a restaurant group that operates restaurants in South-east Asia and online sales of wines in Hong Kong. The Group's revenue for the year ended 31 December 2024 was primarily derived from catering income through its restaurants.

For the year ended 31 December 2024, the Group recorded an increase in revenue of approximately HK\$14.3 million as compared to HK\$9.1 million for the year ended 31 December 2023. Such increase was mainly due to the increase in revenue generated from the operation of restaurants in Malaysia.

## FINANCIAL REVIEW

### Revenue

The Group's revenue increase to approximately HK\$14.3 million for the year ended 31 December 2024 from approximately HK\$9.1 million for the year ended 31 December 2023. Such increase was attributed from the increase in revenue generated from the operation of restaurants in Malaysia.

### Raw materials and consumables used

The raw materials and consumables increase to approximately HK\$5.7 million for the year ended 31 December 2024 from approximately HK\$4.2 million for the year ended 31 December 2023. It was mainly due to the number of operating months for Malaysian restaurants in 2024 increased as compared to 2023 and hence the consumption of raw materials in 2024 also increased.

### Staff costs

The Group's staff costs were approximately HK\$5.0 million for the year ended 31 December 2024. The amount for the year ended 31 December 2023 was approximately HK\$4.2 million. The increase was due to the new staff hired for the new restaurants.

### Depreciation

During the year ended 31 December 2024, the Group incurred depreciation of approximately HK\$3.4 million (year ended 31 December 2023: HK\$3.1 million). The reason for the increase of depreciation was primarily due to the depreciation arise from the rights-of-use assets from the new restaurants in Malaysia.

### Impairment loss

The Group estimated that certain restaurants with impairment indicators may not generate a net cash inflow in the future and therefore an impairment loss of approximately HK\$5.1 million, HK\$4.6 million has been recognised against carrying amount of property and equipment and right-of-use assets respectively during the year ended 31 December 2024 (year ended 31 December 2023: HK\$0.1, HK\$2.4 million and nil for carrying amount of goodwill, property and equipment and right-of-use assets respectively).

### Rental and related expenses

Rental and related expenses was approximately HK\$0.8 million for the year ended 31 December 2024 (year ended 31 December 2023: HK\$0.8 million). As the rental expenses of the restaurants were recognized as the right-of-use assets, the rental and related expenses did not have significant changes.

### Utilities expenses

Utilities expenses increased to approximately HK\$533,000 for the year ended 31 December 2024. The increase was mainly due to the set up of new restaurants and the full operation for Malaysian restaurants in 2024 increased as compared to 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gain on de-consolidation

The Group recorded nil in gain on de-consolidation for the year ended 31 December 2024 (year ended 31 December 2023: HK\$13.4 million). The gain for the year ended 31 December 2023 was due to all the assets and liabilities of Leading Win Limited de-consolidated from the Group's consolidation statement of financial position as at 31 December 2023.

## Finance costs

Finance costs recorded at approximately HK\$1.1 million for the year ended 31 December 2024.

## Other expenses

Other expenses was mostly representing the legal and professional fee, entertainment and advertising. It remain stable at approximately HK\$5.1 million for the year ended 31 December 2024.

## Profit/(loss) and total comprehensive income/(expense)

The loss and total comprehensive expense for the year ended 31 December 2024 were approximately HK\$15.4 million and HK\$15.5 million respectively (year ended 31 December 2023: profit and total comprehensive income of approximately HK\$4.0 million and HK\$4.0 million respectively). The change from profit to loss position was mainly due to the absence of one-off gain on de-consolidation of approximately HK\$13.4 million and the recognition of significant impairment loss.

## Basic earning/(loss) per share

The Group has basic loss per share of approximately 5.72 HK cents for the year ended 31 December 2024. For the year ended 31 December 2023, the Group has a basic earning per share of approximately 4.06 HK cents and loss per share. Such change was in line with the change discussed above.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had total assets of approximately HK\$6.4 million (31 December 2023: approximately HK\$15.5 million), which is financed by total liabilities and shareholders' deficit (comprising share capital and reserves) of approximately HK\$26.9 million (31 December 2023: approximately HK\$23.7 million) and approximately HK\$20.5 million (31 December 2023: approximately HK\$8.3 million), respectively. The current ratio of the Group as at 31 December 2024 was approximately 0.2 times (31 December 2023: approximately 0.2 times).

As at 31 December 2024, the Group had bank balances and cash of approximately HK\$2.6 million (31 December 2023: approximately HK\$2.4 million). The total interest-bearing loan of the Group as at 31 December 2024 was approximately HK\$1.7 million (31 December 2023: approximately HK\$3.3 million). The gearing ratio (calculated based on interest bearing loan and the lease liabilities divided by total equity) of the Group as at 31 December 2024 was zero (31 December 2023: zero) due to negative owners equity.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FOREIGN EXCHANGE EXPOSURE

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The Group has currency exposures as substantial portion of sales, purchases, assets and liabilities are denominated in Hong Kong Dollars, Singapore Dollars and Malaysian Ringgits. As such, the Group is exposed to foreign exchange risk arising from such exposure to Singapore Dollars and Malaysian Ringgits. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

## 2ND PLACING

On 6 December 2023, the Company entered into the placing agreement (the **"2nd Placing Agreement"**) with Sanston Financial Group Limited, as placing agent, pursuant to which the Company has conditionally agreed to place through Sanston Financial Group Limited, on a best effort basis, a maximum of 276,480,000 placing shares at the placing price of HK\$0.013 per placing share to not less than six placees who and whose beneficial owners shall be Independent Third Parties (the **"2nd Placing"**). The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$3.6 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$3.5 million. The net issue price will be approximately HK\$0.012 per placing share. The aggregate nominal value of the Placing Shares is HK\$2,764,800. The placing price of HK\$0.013 represents a discount of approximately 18.8% to the closing price of HK\$0.016 per Share as quoted on the Stock Exchange on the date of the placing agreement, i.e. 6 December 2023. The Company intends to apply the net proceeds from the 2nd Placing as general working capital of the Group.

The Directors consider that the 2nd Placing represents an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group.

Further details are set out in the Company's announcements dated 6 December 2023 and 19 December 2023.

Completion of the 2nd Placing took place on 19 December 2023. A total of 276,480,000 placing shares have been successfully placed by the placing agent to not less than six placees at placing price.



## MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is a breakdown of the use of the net proceeds from the 2nd Placing for the year ended 31 December 2024.

|                         | Intended<br>use of net<br>proceeds<br>HK\$'000 | Proceeds<br>utilised up to<br>31 December<br>2023<br>HK\$'000 | Proceeds<br>utilised<br>during the<br>year ended<br>31 December<br>2024<br>HK\$'000 | Unutilised net<br>proceeds as<br>at<br>31 December<br>2024<br>HK\$'000 | Expected<br>time of full<br>utilisation of<br>the remaining<br>balance |
|-------------------------|--|---|---|--|--|
| General working capital | 3,500  | 3,012   | 488   | –  | NA   |
|                         | 3,500  | 3,012   | 488   | –  |  |

### SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 25 October 2024, the Company entered into the Subscription Agreement (the “**Subscription Agreement**”) with Mr. Hng Bok Chuan (the “**Subscriber**”), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 33,177,600 subscription shares at the subscription price of HK\$0.100 per subscription share (the “**Subscription**”). The subscription shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of the allotment and issue of the subscription shares.

Assuming all the subscription shares are fully placed, the proceeds from the Subscription will be HK\$3,317,760. The Company intends to apply the proceeds from the Subscription as general working capital of the Group. The subscription price of HK\$0.100 a premium of approximately 38.9% to the closing price of HK\$0.072 per Share as quoted on the Stock Exchange as at the date of the Subscription Agreement, i.e. 25 October 2024. The aggregate nominal value of the Subscription Shares will be HK\$331,776.

The Directors are of the view that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Further details are set out in the Company’s announcement dated 25 October 2024.

Completion of the Subscription took place on 7 November 2024. The net proceeds were fully utilized as at 31 December 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE

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

On 18 January 2024, the consolidation of every ten issued and unissued existing shares of par value of HK\$0.01 each into one consolidated share of par value of HK\$0.1 each became effective. Since then, the total number of issued ordinary Shares was 165,888,000 with par value of HK\$0.1 each.

A total of 33,177,600 subscription shares have been successfully placed by the allotted and issued to the Subscriber at placing price upon the completion of the Subscription on 7 November 2024.

As at 31 December 2024, the Company's issued share capital was HK\$19,906,560 divided into 199,065,600 Shares of HK\$0.1 each.

## BORROWINGS

As at 31 December 2024, the Group has interest-bearing borrowings amounting to approximately HK\$1.7 million (31 December 2023: approximately HK\$3.3 million). Bank overdrafts carry interest at market rates is nil as at 31 December 2024 (31 December 2023: from 10.88% to 13.88% per annum). None of the bank borrowings are secured and guaranteed as at 31 December 2024 (2023: Nil). As at 31 December 2024, other borrowing of approximately HK\$1.7 million (2023: approximately HK\$3.3 million) are secured, guaranteed by Focus Supernova Sdn. Bhd, the non-controlling interest of the Company and Noble Triumph Limited, the subsidiary of the Company, interest-bearing and are repayable within 24 months from the date of drawdown.

As at 31 December 2024, amounts due to related parties of the Group is approximately HK\$3.6 million (31 December 2023: approximately HK\$2.7 million) and amount due to non-controlling interest of approximately HK\$5.5 million (31 December 2023: approximately HK\$4.1 million).

## PLEDGE OF ASSETS

As at 31 December 2024 and 31 December 2023, the Group did not have any pledge of assets.

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

The Group did not have any material acquisition nor disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2024.

## CONTINGENT LIABILITIES

The Group has been served a number of litigations and claims by various parties. These claims and litigations are in relation to arrears rent and salaries of the Group and has been recognised in the other payables and accrual and salaries payables. Additional interest and penalty might be incurred due to the delay in settlement of such payables and the Group has several litigations related to arrears salaries and rent. The Group had obtained legal advice, and considers no additional interest and penalty is required apart from the amounts stated in the other payables and accruals, salaries payables and provisions. Details of the litigation and claims could be referred to Notes 39 and 40 to the consolidated financial statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL COMMITMENTS

As at 31 December 2024 and 31 December 2023, the Group did not have any significant capital commitments.

## DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2024.

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

Save as disclosed in this report, the Group did not hold any significant investments as at 31 December 2024 and 31 December 2023 or have other plans for material investments and capital assets as at the date of this report.

## PRINCIPAL RISKS AND UNCERTAINTIES

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

## PROSPECT

The catering industry in Hong Kong is facing a tough challenge amidst the continuous weakened market sentiment outbreak of COVID-19 since 2020 and starting to recover since early 2023. However, the pace of recovery of the food and beverage industry in Hong Kong was slower than that expected by the Group and thus the Group would still take attention to the operations and future expansion in Hong Kong. During the year ended 31 December 2024, due to the performance of restaurants and bar in Hong Kong were below expectation, all operations of restaurants in Hong Kong for 2023 were suspended and no revenue was generated. Fortunately, the new businesses in the South-east Asia supported the revenue and overall operations. In view of the potentials in South-east Asia, where the demand in quality food and beverage is increasing while the rental expenses and staff costs are comparatively more competitive than that of Hong Kong. As at 31 December 2024, four restaurants under the brand Sushi MEW, Sushi Qubey, Aori DSR and Miss J Lifestyle Sdn Bhd were set up and commenced business in Malaysia. Although the operating period is still short, the results were positive and in the coming years, it would be an important strategy of the Group to sustain. The Group would continuously explore new business possibilities including event management services in the Southeast Asia, in order to maintain its market position and diversify and stabilize its source of income.

Looking forward, as the whole world are returning to normal life from the COVID-19 situation, the Group is optimistic to the recover in the entire food and beverage business but at the same time would continue to take cautious actions to control costs and exploring new business opportunities within Hong Kong and overseas to maintain our profitability and competitiveness in the market.



## DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Chuk Stanley** (formerly known as Mr. Chuk Stanley Cah Fai), aged 46, is the chairman of the Board, an executive Director and the chief executive officer of the Group. He was appointed as a Director on 11 February 2016. He was re-designated as the executive Director and appointed as the chief executive officer of the Company and the chairman of the Board on 21 August 2017. He joined the Group as a director of Great Planner Limited, one of the operating subsidiaries of the Group, on 15 February 2008. He is primarily responsible for overseeing and planning of our business strategies and responsible for the overall management of the Group. He is the chairman of nomination committee and a member of remuneration committee.

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

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

**Mr. Ying Kan Man**, aged 50, holds a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. He has more than 10 years of working experience in the green building solution industry. He served as executive director from 27 April 2004 to 1 December 2011 of RCG Holdings Limited (now known as China e-Wallet Payment Group Limited (stock code: 802)), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). He was the chief operating officer and executive director of Global Solution Engineering Limited from 30 August 2008 to 12 January 2010, (now known as Global Token Limited (stock code: 8192)), a company listed on the GEM of the Stock Exchange.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Tang Chiu Ming, Jeremy**, aged 51, has involved in the accounting and finance industry for more than 20 years, having started his career at an international accounting firm as an auditor. Thereafter, he shifted into the commercial sector and worked for some multi-national companies as a regional accountant. In October 1999, he joined a sizeable securities company as a research analyst to develop his career in the finance industry. From September 2000 to September 2006, he focused more on the retail sales and dealing of securities and subsequently worked as a sales and marketing manager. Since September 2006 he has commenced a role as an associate director in China based securities companies, engaging in the duties of institutional sales relating to the dealing of securities for institutional clients, share placement, and underwriting of shares for new initial public offering.

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



## DIRECTORS AND SENIOR MANAGEMENT

**Ms. Ding Weiyu**, age 26, graduated from The University of Sydney, Australia, with a bachelor's degree in commerce (double majors in finance and business information systems) in July 2020. She also obtained a master's degree of science in finance from the University of Manchester in November 2021. From December 2021 to August 2022, she served as a consulting analyst in China Insights Consultancy, where she was principally responsible for data analysis. Currently, she served as consultants in Euromonitor International Limited.

**Mr. Lynch Stephen Joseph Chor**, aged 43, has extensive experience in business management and customer development. He is the co-founder and served as chief executive officer of Inbase Partners Limited since 2018, where he is principally responsible for strategic planning and business direction and building customer relations. He also served as a business development consultant of Spark Co. Limited a company located in Taipei, since 2018, where he is primarily responsible for new business development and business cooperation maintenance. From 2009 to 2018, he worked as management in various small and medium sized companies and was primarily responsible for business strategy planning.

Mr. Lynch obtained his high school diploma in 1997 from Christian Light Education in Virginia, USA. He also completed Blockchain Strategy Programme in Saïd Business School, University of Oxford in 2018.

### SENIOR MANAGEMENT

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

**Mr. Chu Pui Ki, Dickson**, aged 40, was appointed as the company secretary of the Company on 22 June 2017 and the financial controller of the Group with effect from 21 August 2017. Mr. Chu is primarily responsible for overseeing the company secretarial affairs and the financial matters of the Group.

Mr. Chu has over 10 years of relevant experience in accounting and auditing and has experience in tax, internal control matters and holding the positions of company secretary and authorised representative in other companies listed on the Stock Exchange. He is currently serving as the company secretary and providing professional corporate services to companies listed in the main board and GEM of the Stock Exchange. He is currently the independent non-executive director of China Silver Technology Holdings Limited (Stock Code: 515), a company listed on Main Board of the Stock Exchange, since September 2024.

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

# REPORT OF DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is a restaurant group that operates restaurants and bar in Hong Kong and South-east Asia and online sales of wines. Analysis of the principal activities of the Group during the year ended 31 December 2024 is set out in the note 38 to the consolidated financial statements.

## BUSINESS REVIEW

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

## SEGMENT INFORMATION

The Group has two operating and reportable segments, which includes (i) catering service income (including services provided and food and beverage served) and (ii) online sales of wines.

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

## RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 44 of this annual report.

## FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (year ended 31 December 2023: nil).

## FINANCIAL SUMMARY

A summary of the Group’s results, assets and liabilities for the last five financial years is set out on page 114 of this annual report. This summary does not form part of the audited consolidated financial statements.

## MAJOR CUSTOMERS AND SUPPLIERS

### Major Customers

Due to the nature of our business, the majority of our customers consist of retail customers from the general public. As such, the Directors consider that it is not practicable to identify the five largest customers of the Group for year ended 31 December 2024 and we did not rely on any single customer during the year. For instance, none of our customers accounted for 5% or more of our revenue for the year ended 31 December 2024.

### Major Suppliers

For the year ended 31 December 2024, the Group’s five largest suppliers accounted for approximately 42% (year ended 31 December 2023: approximately 54.5%) of the Group’s total purchases and our single largest supplier accounted for approximately 18% (year ended 31 December 2023: approximately 16.3%) of the Group’s total purchases.

During the year ended 31 December 2024, none of the Directors or any of their close associates or any shareholders of the Company (the “**Shareholders**”) (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in any of the Group’s five largest suppliers.

# REPORT OF DIRECTORS

## PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Company and the Group during the year ended 31 December 2024 are set out in note 16 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 30 to the consolidated financial statements.

## RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2024 are set out in note 37 to the consolidated financial statements and the consolidated statement of changes in equity on page 48 of this annual report respectively.

## DISTRIBUTABLE RESERVES

No distributable reserves was available for distribution as at 31 December 2023 and 2024.

## BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2024 are set out in note 27 to the consolidated financial statements.

## DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this annual report are:

### Executive Directors

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

Mr. Ying Kan Man

### Independent Non-executive Directors

Mr. Tang Chiu Ming, Jeremy

Ms. Ding Weiyu (Note 1)

Mr. Lynch Stephen Joseph Chor (Note 1)

Mr. Wong Ching Wan (Note 2)

Mr. Yip Ki Chi, Luke (Note 2)

Note 1: Appointed on 16 September 2024

Note 2: Resigned on 16 September 2024

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

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



## REPORT OF DIRECTORS

Accordingly, Mr. Ying Kan Man, Ms. Ding Weiyu and Mr. Lynch Stephen Joseph Chor shall retire at the forthcoming annual general meeting (the “AGM”). All of the above retiring Directors, being eligible, will offer themselves for re-election at the AGM.

### DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 11 to 12 of this annual report.

### CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Upon specific enquiry by the Company, save as disclosed in the section headed “Directors and Senior Management” in this annual report, there was no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the year ended 31 December 2024 and remain so as at the date of this annual report.

### CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the year ended 31 December 2024 and remain so as at the date of this annual report.

### DIRECTORS’ SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has or is proposed to have a service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than the statutory compensation.



# REPORT OF DIRECTORS

## TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as those interests set out in note 35 to the consolidated financial statements, (i) no other Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party, (ii) there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries, and (iii) there was no contract of significance between the Company or one of its subsidiaries and a controlling shareholder or any of its subsidiaries, during the year ended 31 December 2024 and up to the date of this annual report.

## MANAGEMENT CONTRACTS

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

## EMPLOYEES AND REMUNERATION POLICY

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

As at 31 December 2024, the total number of full time and casual or part time employees of the Group was 48 (31 December 2023: 25). Total staff costs (including Directors' emoluments) were approximately HK\$5.0 million for the year ended 31 December 2024 (year ended 31 December 2023: approximately HK\$4.2 million). Details of the emoluments of the Directors, and five highest paid individuals during the year ended 31 December 2024 are set out in note 9 to the consolidated financial statements.

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

## RETIREMENT AND EMPLOYEE BENEFITS SCHEME

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

# REPORT OF DIRECTORS

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

As at 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

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

| Name                                     | Capacity/Nature of Interest                 | Number of Shares | Long/Short Position | Approximate Percentage of Shareholding in the Company (%) |
|--|---|------------------|---------------------|---|
| Mr. Chuk Stanley<br>("Mr. Stanley Chuk") | Interest in controlled corporation (Note 1) | 46,188,800       | Short               | 23.20%  |

Notes:

- (1) 46,188,800 Shares were held by JSS Group Corporation ("JSS Group"), which is wholly owned by Mr. Stanley Chuk. As such, Mr. Stanley Chuk was deemed to be interested in all the shares held by JSS Group pursuant to Part XV of the SFO.

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

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

Save as disclosed above, as at 31 December 2024, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

# REPORT OF DIRECTORS

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As at 31 December 2024, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

| Name                        | Capacity/Nature of Interest | Number of Shares | Long/Short Position | Approximate Percentage of Shareholding in the Company (%) |
|-----------------------------|-----------------------------|------------------|---------------------|---|
| Lazarus Securities Pty Ltd  | Beneficial owner            | 46,188,800       | Long                | 23.20%  |
| JSS Group                   | Beneficial owner            | 46,188,800       | Short               | 23.20%  |
| Hng Bok Chuan               | Beneficial owner            | 33,177,600       | Long                | 16.67%  |
| Axis Motion Limited         | Beneficial owner            | 23,040,000       | Long                | 11.57%  |
| Focus Dynamics Group Berhad | Beneficial owner            | 19,200,000       | Long                | 9.65%   |

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreement that would or might result in the Company issuing shares, or that requiring the Company to enter into an agreement that would or might result in the Company issuing shares, was entered into by the Company during the year ended 31 December 2024 or subsisted at the end of the year.

# REPORT OF DIRECTORS

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

## PRE-EMPTIVE RIGHTS

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

## TAX RELIEF

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

## DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2024, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) had engaged in or had any interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

## DONATIONS

During the year ended 31 December 2024 and the year ended 31 December 2023, the Group did not make any charitable and other donations.

## SIGNIFICANT LEGAL PROCEEDINGS

During the year ended 31 December 2024, the Company was engaged in certain litigation or arbitration of material importance. The details of the litigation could be referred to note 40 to the consolidated financial statements.

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to providing an environmental friendly culture and atmosphere within the Group. The Group has undertaken environmental protection measures such as (i) reduction of use of papers; (ii) minimisation of electricity consumption outside business hours; and (iii) recycling of waste cooking oil. As a responsible corporation, to the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection during the year ended 31 December 2024. A separate environmental, social and governance report is expected to be published on the website of the Stock Exchange and the Company no later than three months after the publication of this report.



# REPORT OF DIRECTORS

## RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

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

## PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and has been in force throughout the year ended 31 December 2024. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against the Directors.

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this report.

## AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the Company (the "**Audit and Risk Management Committee**") had, together with the management and external auditor of the Company (the "**Auditor**"), reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 December 2024.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 22 to 40 of this annual report.

The compliance officer and company secretary of the Company are Mr. Chuk Stanley and Mr. Chu Pui Ki, Dickson, respectively. Their biographical details are set out on pages 11 and 12 of this annual report.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the GEM Listing Rules, was held by the public at all times during the year ended 31 December 2024 and as at the date of this annual report.



## REPORT OF DIRECTORS

### AUDITOR

There were no changes in auditor of the Company during the past three years.

The financial statements for the year ended 31 December 2024 have been audited by D & PARTNERS CPA LIMITED. D & PARTNERS CPA LIMITED will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint D & PARTNERS CPA LIMITED as the auditor of the Company will be proposed at the forthcoming annual general meeting.

### PUBLICATION OF INFORMATION ON WEBSITES

This annual report is available for viewing on the website of Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [topstandard.com.hk](http://topstandard.com.hk).

On behalf of the Board

**Chuk Stanley**

*Chairman and Executive Director*

Hong Kong, 26 March 2025

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2024.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under the CG Code throughout the year ended 31 December 2024 save for code provision C.2.1. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## THE BOARD

### Responsibilities

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

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

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

### Board Composition

The composition of the Board during FY2024 and up to the date of this annual report is set out below:

#### *Executive Directors:*

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

Mr. Ying Kan Man

#### *Independent Non-executive Directors:*

Mr. Tang Chiu Ming, Jeremy

Ms. Ding Weiyu (Note 1)

Mr. Lynch Stephen Joseph Chor (Note 1)

Mr. Wong Ching Wan (Note 2)

Mr. Yip Ki Chi, Luke (Note 2)

Note 1: Appointed on 16 September 2024

Note 2: Resigned on 16 September 2024

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

## CORPORATE GOVERNANCE REPORT

Each of Ms. Ding Weiyu and Mr. Lynch Stephen Joseph Chor has obtained the legal advice on 12 November 2024 referred to in Rule 5.02D of the GEM Listing Rules and has confirmed that he/she understood his/her obligations as a director of the Company.

During the year ended 31 December 2024, the Board has met at all times the requirements under Rules 5.05(1) and 5.05(2) of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

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

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

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

### Induction and Continuous Professional Development

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

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company will continue to arrange training to the Directors in accordance with code provision C.1.4 of the CG Code.



# CORPORATE GOVERNANCE REPORT

According to the information provided by the Directors, a summary of training received by the Directors during the year ended 31 December 2024 is as follows:

| Name of Directors   | Nature of Continuous Professional Development Programmes (Notes) |
|---|--|
| <b>Executive Directors</b>  |  |
| Mr. Chuk Stanley ( <i>Chairman and Chief Executive Officer</i> )        | A and B  |
| Mr. Ying Kan Man  | A and B  |
| <b>Independent Non-executive Directors</b>                              |  |
| Mr. Tang Chiu Ming, Jeremy  | A and B  |
| Ms. Ding Weiyu ( <i>appointed on 16 September 2024</i> )                | A and B  |
| Mr. Lynch Stephen Joseph Chor ( <i>appointed on 16 September 2024</i> ) | A and B  |
| Mr. Wong Ching Wan ( <i>resigned on 16 September 2024</i> )             | A and B  |
| Mr. Yip Ki Chi, Luke ( <i>resigned on 16 September 2024</i> )           | A and B  |

Notes:

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

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

## Chairman and Chief Executive Officer

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

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

# CORPORATE GOVERNANCE REPORT

## Appointment and Re-election of Directors

Each of the executive Directors has signed a service contract with the Company for a term of three years commencing from the Listing Date or the date of appointment for whom appointed subsequent to the Listing Date and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other party prior notice in writing pursuant to the service contract.

All independent non-executive Directors have respectively entered into an appointment letter with the Company. Mr. Tang has signed an appointment letter with the Company for an initial term of three years commencing from the Listing Date. Ms. Ding and Mr. Lynch entered into an appointment letter with the Company for an initial term of two years commencing from 16 September 2024. The letter of appointment of each respective independent non-executive Directors shall continue unless terminated by either party giving prior written notice served by either party on the other pursuant to the appointment letter.

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

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

## Board Meetings

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

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

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

# CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2024, details of the attendance of the Board meetings, Audit and Risk Management Committee meetings, Remuneration Committee meetings, Nomination Committee meetings, and general meeting of the Company held are summarised as follows:

|  | Board meeting | Audit and Risk Management Committee meeting | Remuneration Committee meeting | Nomination Committee meeting | Annual general meeting | Extraordinary general meeting |
|--|---------------|---|--------------------------------|------------------------------|------------------------|-------------------------------|
| <i>EXECUTIVE DIRECTORS</i>                 |               |   |                                |                              |                        |                               |
| Mr. Chuk Stanley                           | 4/4           | N/A   | 2/2                            | 2/2                          | 1/1                    | 1/1                           |
| Mr. Ying Kan Man                           | 4/4           | N/A   | N/A                            | N/A                          | 1/1                    | 1/1                           |
| <i>INDEPENDENT NON-EXECUTIVE DIRECTORS</i> |               |   |                                |                              |                        |                               |
| Mr. Tang Chiu Ming, Jeremy                 | 4/4           | 3/3   | 2/2                            | 2/2                          | 1/1                    | 1/1                           |
| Ms. Ding Weiyu (Note 1)                    | 1/1           | NA  | NA                             | NA                           | NA                     | NA                            |
| Mr. Lynch Stephen Joseph Chor (Note 1)     | 1/1           | NA  | NA                             | NA                           | NA                     | NA                            |
| Mr. Wong Ching Wan (Note 2)                | 3/3           | 3/3   | 2/2                            | 2/2                          | 1/1                    | 1/1                           |
| Mr. Yip Ki Chi, Luke (Note 2)              | 3/3           | 3/3   | 2/2                            | 2/2                          | 1/1                    | 1/1                           |

Note 1: Appointed on 16 September 2024

Note 2: Resigned on 16 September 2024

During year ended 31 December 2024, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of three Independent non-executive Directors representing at least one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular meetings;
- annual meeting between the Chairman and all Independent non-executive Directors without presence of other Directors providing effective platform for the Chairman to listen independent views on various issues concerning the Group;
- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and
- independent professional advice would be provided to Independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

# CORPORATE GOVERNANCE REPORT

## Required Standard of Dealings for Securities Transactions

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings during the year ended 31 December 2024.

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

## Delegation by the Board

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

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

## Corporate Governance Function

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

- (a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;
- (d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on such matters;
- (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and
- (f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

### Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three members, namely Mr. Tang Chiu Ming, Jeremy (chairman), Ms. Ding Weiyu and Mr. Lynch Stephen Joseph Chor, all of them are independent non-executive Directors.

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

1. to monitor the compliance with the laws and regulations that are applicable to the operations of the Group;
2. to review the report and findings submitted by the internal control consultant to ensure the effectiveness of our regulatory compliance procedures and system;
3. to review and monitor the financial reporting process, the risk management procedures as well as internal control system;
4. to review financial information; and
5. to consider issues relating to the external auditors and their appointment.

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

For the year ended 31 December 2024, there were three meetings held by the Audit and Risk Management Committee to (i) review with external auditors the external audit findings, the accounting principles and practices adopted by the Group, and the Listing Rules and statutory compliance; (ii) discuss auditing and financial reporting matters, including the review of the audited financial statements for the year ended 31 December 2023 and the unaudited financial statements for the six months ended 30 June 2024, with recommendations to the Board for approval; (iii) review the independence of the auditors; (iv) review and make recommendations to the Board on the auditors' re-appointment and remuneration; (v) review the Group's risk management and internal control systems; and (vi) review and make recommendations on the change of financial year end date. All members of the Audit and Risk Management Committee attended the said meetings. Details of the attendance of the Audit and Risk Management Committee meetings are set out above.



# CORPORATE GOVERNANCE REPORT

## Nomination Committee

The Nomination Committee currently comprises four members, namely Mr. Chuk Stanley (executive Director), Mr. Tang Chiu Ming, Jeremy (independent non-executive Director), Ms. Ding Weiyu (independent non-executive Director) and Mr. Lynch Stephen Joseph Chor (independent non-executive Director). Mr. Chuk Stanley is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. to identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships;
3. to assess the independence of independent non-executive Directors; and
4. to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairman of the Board and the executive director.

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

For the year ended 31 December 2024, there was two meeting held by the Nomination Committee to (i) review the structure, size, composition and diversity of the Board; (ii) assess the independence of independent non-executive directors with reference to the requirements under the GEM Listing Rules; and (iii) nominate the retiring directors for re-election at the annual general meeting held on 21 June 2024. Details of the attendance of the Nomination Committee meetings are set out above.

# CORPORATE GOVERNANCE REPORT

## Remuneration Committee

The Remuneration Committee comprises four members, namely Mr. Chuk Stanley (executive Director), Mr. Tang Chiu Ming, Jeremy (independent non-executive Director), Ms. Ding Weiyu (independent non-executive Director) and Mr. Lynch Stephen Joseph Chor (independent non-executive Director). Mr. Tang Chiu Ming, Jeremy is the chairman of the Remuneration Committee.

The principal duties of the Remuneration Committee include the following:

1. to make recommendations to the Board on the Company's overall policy and structure for the remuneration of the Directors and senior management and establish a formal and transparent procedure for developing remuneration policy;
2. to review and approve the management's remuneration proposals with reference to the Board's goals and objectives;
3. as the Board shall direct, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. These include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
4. to make recommendations to the Board on the remuneration of non-executive Directors;
5. to consider salaries paid by comparable companies in the industry in which the Company operates, time commitment and responsibilities and employment conditions elsewhere in the Group;
6. to review and approve compensation payable to Directors (executive, non-executive or independent non-executive), executive officers and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and in line with market practice;
7. to review and approve compensation arrangements relating to dismissal or removal of Directors (executive, non-executive or independent non-executive) for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
8. to reviewed and approved matters relating to share schemes under chapter 23 of the GEM Listing Rules; and
9. to ensure that no Director or any of his associates (as defined in the GEM Listing Rules) is involved in deciding his own remuneration.

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

For the year ended 31 December 2024, there was two meetings held by the Remuneration Committee to review and make recommendations to the Board on the remuneration package of the directors and senior management for the year ended 31 December 2024 and discussed and reviewed the remuneration packages for the proposed Directors of the Company. Details of the attendance of the Remuneration Committee meetings are set out above.

# CORPORATE GOVERNANCE REPORT

## Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the Board and senior management of the Company, whose biographies are set out on pages 11 to 12 of this annual report, for the year ended 31 December 2024 are set out below:

| Remuneration band(s) | Number of individuals |
|----------------------|-----------------------|
| Nil to HK\$1,000,000 | 4                     |

## DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2024 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

The statement by the Auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 41 to 43 of this annual report.

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

As disclosed in this annual report, given the conditions as detailed in the basis for disclaimer of opinion ("Audit Modification") and note 2 to the consolidated financial statements for the year ended 31 December 2024 therein, the auditor considered that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern, which is dependent on the successful and favourable outcome of certain plans and measures, that are subject to multiple uncertainties, including (a) the successful of improvement on its catering business and online sales business; and (b) the ability to obtain continuous financial support.

The Group's current liabilities exceeded its current assets by HK\$18,473,000 (2023: HK\$14,340,000) as at 31 December 2024, the Group's total liabilities exceeded its total assets by HK\$20,491,000 (2023: HK\$8,269,000). As at 31 December 2024, the Group has cash and cash equivalents of HK\$2,585,000 (2023: HK\$2,416,000) which is insufficient to settle all the current liabilities, which includes lease liabilities of HK\$1,512,000 (2023: HK\$2,425,000), salary payables of HK\$1,140,000 (2023: HK\$1,166,000), accruals and other payables of HK\$5,099,000 (2023: HK\$3,380,000) and provisions of HK\$591,000 (2023: HK\$150,000).

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

# CORPORATE GOVERNANCE REPORT

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

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

- (a) In response to the current weak economic climate, the Company's management plans to focus on the Expansion of Catering Business and the Development of Event Management Services. In addition to its existing operations, there are plans to establish an event management business to diversify current offerings and create synergies within the Group. The event management business will enhance the catering business by providing integrated service packages that combine event planning and catering services.
- (b) During the year, the newly introduced brand, Miss J, commenced operations and contributed approximately HK\$2,573,000 to the Group's revenue. Additionally, the existing brands Sushi Mew, Sushi Qubey, and Aori Ramen collectively generated approximately HK\$11,421,000 in revenue for the Group. The management will continue to promote these existing brands to enhance the Group's overall performance.
- (c) The Group will continue to seek alternative financing solutions and consider group reorganization to address the difficulties encountered by both the Group and the Company. This includes exploring options such as securing new investment, negotiating with creditors for more favorable terms, and evaluating potential mergers or partnerships that could strengthen the Company's financial position. Additionally, the management will assess the possibility of restructuring operations to improve efficiency and reduce costs, while also focusing on strategic initiatives that align with market demands. By implementing these proactive measures, the Group aims to stabilize its financial standing and position itself for future growth.

## REMOVAL OF THE AUDIT MODIFICATION

The management considered that the proposed actions mentioned above, if successful, could improve the Group's liquidity and therefore could help to address the Audit Qualification. However, as the management's assessment of the Group's ability to continue as a going concern for the purposes of preparing the Group's consolidated financial statements for the year ending 31 December 2025 has to take into consideration of the then conditions and circumstances and could only be made at the end of the relevant reporting period, the management is unable to ascertain at this moment whether the Audit Qualification can be removed in the next financial year purely based on the Company's action plan above.

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

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

# CORPORATE GOVERNANCE REPORT

## INTERNAL CONTROL AND RISK MANAGEMENT

### Responsibility

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

### Risk Management and Internal Controls Framework

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

- (a) review the reports and findings submitted by the internal control consultant to ensure the effectiveness of our regulatory compliance procedures and system;
- (b) advise the Board on the adoption of the recommendation (if any) proposed by the internal control consultant;
- (c) assess and review the adequacy of resources and training provided to our management and staff in relation to our regulatory compliance functions; and
- (d) receive the recommendations and reports of the Group's internal audit function, review and approve the organisation, responsibilities, plans, results, budget and resources of the internal audit team to ensure the quality of the Group's internal control measures are maintained.

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

### Risk Management

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

1. Identify risks;
2. Analyse risks;
3. Evaluate risks; and
4. Treat risks.

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



# CORPORATE GOVERNANCE REPORT

## Internal Controls

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

To assist the Audit and Risk Management Committee in discharging its duties, the Company has engaged an internal control consultant to conduct an annual review on the adequacy and effectiveness of the Group's internal control system in respect of its compliance with licensing laws and regulations in Hong Kong for each financial year and submit a report. In particular, the internal control consultant shall set out in its report regarding the Group's compliance status with the applicable laws and regulations for the Group's licensing matters and the effectiveness of the Group's internal control system in ensuring the Group's compliance with the applicable licensing requirements for its restaurants. No material deficiency was noted by the internal control consultant regarding licensing matters of the Group during the year ended 31 December 2024.

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

## Review of Risk Management and Internal Control Systems

In respect of the year ended 31 December 2024, the Board conducted a review of the effectiveness of the risk management and internal control systems and considers the systems to be effective and adequate. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group have been identified. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. A review on the risk management and internal control systems will be conducted on an annual basis.

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

## Disclosure of Inside Information

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



# CORPORATE GOVERNANCE REPORT

## EXTERNAL AUDITOR AND AUDITOR’S REMUNERATION

The statement of the external auditor of the Company on their reporting responsibilities and opinion on the Group’s consolidated financial statements for the year ended 31 December 2024 is set out in the section headed “Independent Auditor’s Report” in this annual report.

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

There was no disagreement between the Board and the Audit and Risk Management Committee on the selection and appointment of the external auditors for the year ended 31 December 2024.

The remuneration for the audit and non-audit services provided by the Auditor to the Group during the year ended 31 December 2024 was approximately as follows:

| Type of Services | Amount<br>(HK\$’000) |
|------------------|----------------------|
| Audit services   | 660                  |

## COMPANY SECRETARY

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

During the year ended 31 December 2024, Mr. Chu has undertaken not less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

## BOARD DIVERSITY

The Company has adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach of which the Board could achieve and maintain a high level of diversity. The Company recognises the benefits of having a diversified Board, as such the Group will ensure that members of the Board have the appropriate balance of skills, experience and diversity of perspectives that are required to support the Group’s business strategies and sustainable development. Pursuant to the Board Diversity Policy, the Group seeks to achieve Board diversity by setting measurable objectives, including age, skills, know-how, regional and industry experience, background, race, gender, other qualities etc. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

The Board will review the implementation and effectiveness of the Board Diversity Policy on an annual basis to ensure its continued effectiveness. The Group will also ensure that there is gender diversity when recruiting staff at mid to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company; and will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy as a whole.

## CORPORATE GOVERNANCE REPORT

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. The employee (including Directors) gender ratio of the Group as at 31 December 2024 is 3 male: 1 female and the Group is in the view that the existing gender ratio is satisfactory to our operations. The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service, and the Group will make sure achieving gender diversity across the workforce. The gender ratio in the workforce (including senior management) demonstrating a balanced gender ratio achieved by the Group. Yet, the Group will still (i) periodically review internal records on gender diversity; (ii) identify suitable female candidates for relevant positions within the Company; and (iii) try to ensure that there is gender diversity when recruiting staff at mid-senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company.

The Board currently comprises of 5 Directors, one of which is female. The Board is currently of the opinion that it generally meets the diversity requirements under the GEM Listing Rules. Yet, the Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified and will review the implementation and effectiveness of the Policy on an annual basis to ensure its continued effectiveness.

During the year ended 31 December 2024, the Nomination Committee has reviewed the independence of the independent non-executive Directors, to consider the qualifications of the retiring directors standing for election at the 2024 annual general meeting, to review the structure, size and composition of the Board and to review the Policy. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

### WHISTLEBLOWING POLICY

The whistleblowing policy has been put in place for all employees and those who have business dealings with the Group (including customers and suppliers) to deal with concerns related to fraudulent or unethical acts or non-compliances with laws and the Group's policies that have or could have significant adverse financial, legal or reputational impacts on the Group. They may raise concerns about the possible improprieties in any matters related to the Group, in person or in writing to the company secretary who shall report to the chairman of the Audit Committee in confidence and anonymity. The Chairman of the Audit Committee shall then determine the course of action to pursue, with power to delegate, with respect to the report.

### ANTI-CORRUPTION POLICY

The Group has formulated its own anti-corruption policy to ensure the Directors and employees within the Group comply with the Hong Kong Prevention of Bribery Ordinance, the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering Law of the PRC, where applicable. The policy sets out the integrity and conduct requirements and policies or controls in place which applies to all Directors and employees of the Group at all levels, and external parties doing business with the Group and those acting in an agency or fiduciary capacity on behalf of the Group (e.g., agents, consultants and contractors). The policy is reviewed from time to time to ensure that it remains appropriate.

# CORPORATE GOVERNANCE REPORT

## NOMINATION POLICY

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

### Summary of the Nomination Policy

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

### Selection criteria

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

- (a) Character and integrity;
- (b) Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company’s business and corporate strategy;
- (c) Measurable objectives adopted for achieving diversity on the Board;
- (d) Requirements of the Board to have independent directors in accordance with the Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules.
- (e) Potential contributions he/she will bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- (f) Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- (g) Other perspectives that are appropriate to the Company’s business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

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

# CORPORATE GOVERNANCE REPORT

## Nomination procedures

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

### **(a) Appointment of new director**

- (i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents;
- (ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;
- (iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable;
- (iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

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

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

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board;
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above;
- (iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

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

## Review of Nomination Policy

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





# CORPORATE GOVERNANCE REPORT

## DIVIDEND POLICY

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

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

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

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the year ended 31 December 2024 and conclude that it is effective because some minority shareholders have personally approached the company and for relevant news.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS

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

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

### Convening of extraordinary general meeting and putting forward proposals

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

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

### Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company by mail to Unit 3C, 3/F., Yue Xiu Industrial Building, 87 Hung To Road Kwun Tong, Kowloon, Hong Kong or by email via [ir@topstandard.com.hk](mailto:ir@topstandard.com.hk). Share registration matters shall be handled for the Shareholders by the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.

## CONSTITUTIONAL DOCUMENTS

A copy of the second amended and restated memorandum and articles of association of the Company (the "M&A") is posted on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.topstandard.hk](http://www.topstandard.hk)).

There were no changes to the M&A in the year ended 31 December 2024.

## CONCLUSION

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

# INDEPENDENT AUDITOR'S REPORT



## TO THE SHAREHOLDERS OF TOP STANDARD CORPORATION

*(incorporated in the Cayman Islands with limited liability)*

### DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Top Standard Corporation (the “Company”) and its subsidiaries (together the “Group”) set out on pages 44 to 113, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

### BASIS FOR DISCLAIMER OF OPINION

#### Multiple Uncertainties Relating to Going Concern

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

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

# INDEPENDENT AUDITOR'S REPORT

## **BASIS FOR DISCLAIMER OF OPINION (Continued)**

### **Multiple Uncertainties Relating to Going Concern (Continued)**

We were unable to obtain sufficient appropriate audit evidence regarding the use of going concern assumption in the preparation of the consolidated financial statements. In particular, we have not been provided with sufficient appropriate documentary evidence to enable us to assess successfulness of the measures undertaken by the Group. If one or more of the measures undertaken by the Group fails, the Group would be unable to meet its financial obligations as and when they fall due and it might not be able to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets and liabilities may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position at 31 December 2024. In addition, the Group may have to recognise further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

Any adjustments that would be required may have a consequential significant effect on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2024 and the financial position of the Group as at 31 December 2024, and the related disclosures thereof in the consolidated financial statements.

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

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

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

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



## INDEPENDENT AUDITOR'S REPORT

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

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

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

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in the independent auditor's report is Lee Ka Wai.

#### **D & PARTNERS CPA LIMITED**

*Certified Public Accountants*

**Lee Ka Wai**

Practising Certificate Number: P07169

Hong Kong

26 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

|   | Notes | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|-------|------------------|------------------|
| Revenue   | 6     | 14,326           | 9,072            |
| Other income  | 7     | 634              | 886              |
| Other gains   | 8     | 1,163            | 1,377            |
| Gain on de-consolidation of a subsidiary                            | 32    | –                | 13,400           |
| Raw materials and consumables used                                  |       | (5,666)          | (4,180)          |
| Staff costs   |       | (4,958)          | (4,186)          |
| Depreciation of property and equipment                              |       | (1,826)          | (1,858)          |
| Depreciation of right-of-use assets                                 |       | (1,556)          | (1,209)          |
| Impairment loss on:   |       |                  |                  |
| – goodwill  |       | –                | (109)            |
| – property and equipment  |       | (5,103)          | (2,429)          |
| – right-of-use assets   |       | (4,583)          | –                |
| Rental and related expenses   |       | (762)            | (762)            |
| Utilities expenses  |       | (533)            | (328)            |
| Other expenses  |       | (5,064)          | (5,113)          |
| Finance costs   | 10    | (1,061)          | (626)            |
| Share of result of associates                                       | 20    | (71)             | 87               |
| (Loss)/profit before taxation                                       |       | (15,060)         | 4,022            |
| Income tax expense  | 11    | (316)            | –                |
| (Loss)/profit for the year  | 13    | (15,376)         | 4,022            |
| <b>Other comprehensive expense for the year</b>                     |       |                  |                  |
| <i>Item that may be reclassified subsequently to profit or loss</i> |       |                  |                  |
| Exchange differences arising on translation of a foreign operation  |       | (116)            | (27)             |
| <b>Other comprehensive expense for the year, net of tax</b>         |       | (116)            | (27)             |
| <b>Total comprehensive (expense)/income for the year</b>            |       | (15,492)         | 3,995            |



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

|  | Notes | 2024<br>HK\$'000 | 2023<br>HK\$'000   |
|--|-------|------------------|--------------------|
| <b>(Loss)/profit for the year attributable to the owners of the Company</b>                        |       | <b>(9,801)</b>   | 6,009              |
| <b>Loss attributable to non-controlling interests</b>  |       | <b>(5,575)</b>   | (1,987)            |
| <b>Total comprehensive (expense)/income for the year attributable to the owners of the Company</b> |       | <b>(9,917)</b>   | 5,982              |
| <b>Total comprehensive (expense)/income for the year attributable to:</b>                          |       |                  |                    |
| – owners of the Company  |       | <b>(9,917)</b>   | 5,982              |
| – non-controlling interests  |       | <b>(5,575)</b>   | (1,987)            |
|  |       | <b>(15,492)</b>  | 3,995              |
| <b>Basic and diluted (loss)/earnings per share (Hong Kong cents)</b>                               | 15    | <b>(5.72)</b>    | (Restated)<br>4.06 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

|  | Notes | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|-------|------------------|------------------|
| <b>Non-current assets</b>                    |       |                  |                  |
| Property and equipment                       | 16    | 675              | 5,526            |
| Right-of-use assets                          | 17    | –                | 4,215            |
| Goodwill                                     | 18    | –                | –                |
| Deposits                                     | 22    | 959              | 1,503            |
| Interests in associates                      | 20    | 183              | 250              |
| Deferred tax assets                          | 19    | –                | 316              |
|  |       | <b>1,817</b>     | 11,810           |
| <b>Current assets</b>                        |       |                  |                  |
| Inventories                                  | 21    | 801              | 402              |
| Trade receivables, deposits and prepayments  | 22    | 1,125            | 810              |
| Amount due from a related party              | 25    | 84               | 34               |
| Cash and cash equivalents                    | 23    | 2,585            | 2,416            |
|  |       | <b>4,595</b>     | 3,662            |
| <b>Current liabilities</b>                   |       |                  |                  |
| Trade and other payables and accruals        | 24    | 10,153           | 6,965            |
| Bank and other borrowings                    | 27    | 1,718            | 1,595            |
| Lease liabilities                            | 28    | 1,512            | 2,425            |
| Provisions                                   | 29    | 591              | 150              |
| Amounts due to related parties               | 25    | 3,634            | 2,719            |
| Amounts due to non-controlling interests     | 26    | 5,460            | 4,148            |
|  |       | <b>23,068</b>    | 18,002           |
| <b>Net current liabilities</b>               |       | <b>(18,473)</b>  | (14,340)         |
| <b>Total assets less current liabilities</b> |       | <b>(16,656)</b>  | (2,530)          |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

|   | Notes | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|-------|------------------|------------------|
| <b>Non-current liabilities</b>                      |       |                  |                  |
| Bank and other borrowings                           | 27    | –                | 1,681            |
| Lease liabilities                                   | 28    | 3,498            | 3,721            |
| Provisions  | 29    | 21               | 21               |
| Deferred tax liabilities                            | 19    | 316              | 316              |
|   |       | <b>3,835</b>     | 5,739            |
| <b>Net liabilities</b>                              |       | <b>(20,491)</b>  | (8,269)          |
| <b>Capital and reserves</b>                         |       |                  |                  |
| Share capital                                       | 30    | 19,906           | 16,589           |
| Reserves  |       | (31,433)         | (21,466)         |
| <b>Equity attributable to owners of the Company</b> |       | <b>(11,527)</b>  | (4,877)          |
| <b>Non-controlling interests</b>                    |       | <b>(8,964)</b>   | (3,392)          |
| <b>Total deficit</b>                                |       | <b>(20,491)</b>  | (8,269)          |

The consolidated financial statements on pages 44 to 113 were approved and authorised for issue by the Board of Directors on 26 March 2025 and are signed on its behalf by:

YING Kan Man  
DIRECTOR

CHUK Stanley  
DIRECTOR

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

|  | Attributable to owners of the Company |                           |                              |                                 |                                |                      | Non-controlling interests<br>HK\$'000 | Total<br>HK\$'000 |
|--|---------------------------------------|---------------------------|------------------------------|---------------------------------|--------------------------------|----------------------|---------------------------------------|-------------------|
|  | Share capital<br>HK\$'000             | Share premium<br>HK\$'000 | Capital reserves<br>HK\$'000 | Translation reserve<br>HK\$'000 | Accumulated losses<br>HK\$'000 | Subtotal<br>HK\$'000 |                                       |                   |
| At 1 January 2023  | 13,824                                | 98,691                    | 566                          | 32                              | (127,476)                      | (14,363)             | (1,410)                               | (15,773)          |
| Profit/(loss) for the year   | –                                     | –                         | –                            | –                               | 6,009                          | 6,009                | (1,987)                               | 4,022             |
| Exchange differences arising on translation of a foreign operation           | –                                     | –                         | –                            | (27)                            | –                              | (27)                 | –                                     | (27)              |
| Other comprehensive expense for the year                                     | –                                     | –                         | –                            | (27)                            | –                              | (27)                 | –                                     | (27)              |
| Total comprehensive income/(expense) for the year                            | –                                     | –                         | –                            | (27)                            | 6,009                          | 5,982                | (1,987)                               | 3,995             |
| Capital contribution from non-controlling interests of subsidiaries (note a) | –                                     | –                         | –                            | –                               | –                              | –                    | 5                                     | 5                 |
| Issue of shares, net of transaction costs                                    | 2,765                                 | 739                       | –                            | –                               | –                              | 3,504                | –                                     | 3,504             |
| At 31 December 2023  | 16,589                                | 99,430                    | 566                          | 5                               | (121,467)                      | (4,877)              | (3,392)                               | (8,269)           |
| Loss for the year  | –                                     | –                         | –                            | –                               | (9,801)                        | (9,801)              | (5,575)                               | (15,376)          |
| Exchange differences arising on translation of a foreign operation           | –                                     | –                         | –                            | (116)                           | –                              | (116)                | –                                     | (116)             |
| Other comprehensive expense for the year                                     | –                                     | –                         | –                            | (116)                           | –                              | (116)                | –                                     | (116)             |
| Total comprehensive (expense) for the year                                   | –                                     | –                         | –                            | (116)                           | (9,801)                        | (9,917)              | (5,575)                               | (15,492)          |
| Capital contribution from non-controlling interests of subsidiaries (note a) | –                                     | –                         | –                            | –                               | –                              | –                    | 3                                     | 3                 |
| Issue of shares, net of transaction costs                                    | 3,317                                 | (50)                      | –                            | –                               | –                              | 3,267                | –                                     | 3,267             |
| At 31 December 2024  | 19,906                                | 99,380                    | 566                          | (111)                           | (131,268)                      | (11,527)             | (8,964)                               | (20,491)          |

Note:

- (a) The amount represents capital contribution from non-controlling shareholders of a subsidiary and five subsidiaries incorporated during the years ended 31 December 2024 and 2023 respectively.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>  |                  |                  |
| (Loss)/profit before taxation                                      | (15,060)         | 4,022            |
| Adjustments for:   |                  |                  |
| Depreciation of property and equipment                             | 1,826            | 1,858            |
| Depreciation of right-of-use assets                                | 1,556            | 1,209            |
| Finance costs  | 1,061            | 626              |
| Gain on de-consolidation of a subsidiary                           | –                | (13,400)         |
| Gain on termination of lease                                       | (1,418)          | (1,377)          |
| Loss on disposal of property, plant and equipment                  | 280              | –                |
| Interest income  | (2)              | (92)             |
| Impairment loss on property and equipment                          | 5,103            | 2,429            |
| Impairment loss on right-of-use assets                             | 4,583            | –                |
| Impairment loss on goodwill  | –                | 109              |
| Exchange differences   | –                | (27)             |
| Share of results of associates                                     | 71               | (87)             |
| Operating cash flows before movements in working capital           | (2,000)          | (4,730)          |
| (Increase)/decrease in inventories                                 | (399)            | 180              |
| Decrease/(increase) in trade receivables, deposits and prepayments | 229              | 229              |
| Increase in trade and other payables and accruals and provisions   | 3,231            | 2,210            |
| <b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>                | <b>1,061</b>     | <b>(2,111)</b>   |
| <b>INVESTING ACTIVITIES</b>  |                  |                  |
| Interest received  | 2                | 7                |
| (Repayment from)/advance to a related party                        | (50)             | 55               |
| Capital injection to associates                                    | –                | (173)            |
| Purchases of property and equipment                                | (2,308)          | (6,381)          |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                       | <b>(2,356)</b>   | <b>(6,492)</b>   |
| <b>FINANCING ACTIVITIES</b>  |                  |                  |
| Proceed from issuance of shares                                    | 3,267            | 3,504            |
| Advance from/(repayment to) related parties                        | 915              | 2,719            |
| Advance from non-controlling interest                              | 1,312            | 4,113            |
| Repayment of lease liabilities                                     | (1,474)          | (2,811)          |
| New borrowings raised  | –                | 3,654            |
| Repayment of bank borrowings                                       | (1,558)          | (466)            |
| Repayment of bank overdrafts                                       | –                | (255)            |
| Interest paid  | (1,003)          | (626)            |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                          | <b>1,459</b>     | <b>9,832</b>     |

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | <b>164</b>       | 1,229            |
| Cash and cash equivalents at beginning of the year | <b>2,416</b>     | 1,179            |
| Effect of foreign exchange rate changes            | <b>5</b>         | 8                |
| <b>CASH AND CASH EQUIVALENTS END OF THE YEAR</b>   |                  |                  |
| represented by bank balances and cash              | <b>2,585</b>     | 2,416            |
| Analysis of cash and cash equivalents              |                  |                  |
| Bank balances and cash                             | <b>2,585</b>     | 2,416            |
| Bank overdrafts                                    | <b>–</b>         | –*               |
|  | <b>2,585</b>     | 2,416            |

\* less than HK\$1,000



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1. GENERAL

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

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

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

The Company is an investment holding company. The activities of its subsidiaries are set out in note 38.

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

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

### Basis of Preparation

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

### Going Concern assumption

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

- (i) The Group’s current liabilities exceeded its current assets by HK\$18,473,000 (2023: HK\$14,340,000) as at 31 December 2024, the Group’s total liabilities exceeded its total assets by HK\$20,491,000 (2023: HK\$8,269,000).
- (ii) As at 31 December 2024, the Group has cash and cash equivalents of HK\$2,585,000 (2023: HK\$2,416,000) which is insufficient to settle all the current liabilities, which includes lease liabilities of HK\$1,512,000 (2023: HK\$2,425,000), salary payables of HK\$1,140,000 (2023: HK\$1,166,000), accruals and other payables of HK\$5,099,000 (2023: HK\$3,380,000) and provisions of HK\$591,000 (2023: HK\$150,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

### Going Concern assumption (Continued)

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

- (a) In response to the current weak economic climate, the Company's management plans to focus on the **Expansion of Catering Business** and the **Development of Event Management Services**. The management aims to introduce a well-known restaurant brand from Hong Kong to Malaysia. In addition to its existing operations, there are plans to establish an event management business to diversify current offerings and create synergies within the Group. The event management business will enhance the catering business by providing integrated service packages that combine event planning and catering services.
- (b) During the year, the newly introduced brand, Miss J, commenced operations and contributed approximately HK\$2,573,000 to the Group's revenue. Additionally, the existing brands Sushi Mew, Sushi Qubey, and Aori Ramen collectively generated approximately HK\$11,421,000 in revenue for the Group. The management will continue to promote these existing brands to enhance the Group's overall performance.
- (c) The Group will continue to seek alternative financing solutions and consider group reorganization to address the difficulties encountered by both the Group and the Company. This includes exploring options such as securing new investment, negotiating with creditors for more favorable terms, and evaluating potential mergers or partnerships that could strengthen the Company's financial position. Additionally, the management will assess the possibility of restructuring operations to improve efficiency and reduce costs, while also focusing on strategic initiatives that align with market demands. By implementing these proactive measures, the Group aims to stabilize its financial standing and position itself for future growth.

The directors of the Company, based on a cash flow forecast of the Group covering a period up to 31 December 2025 which has taken into account the abovementioned plans and measures, consider that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the consolidated financial statements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2024 on a going concern basis of accounting.

However, the appropriateness of the going concern basis of accounting is dependent on the assumption that (i) the management of the Group will be able to achieve its plans and measures as described above; (ii) the Group is able to obtain continuous external financial support; (iii) the Group will be able to improve its business operations; and (iv) the Group is able to generate sufficient cash flow and implement exercises to control costs. Should the going concern basis of accounting become inappropriate, adjustments might have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position at 31 December 2024, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. APPLICATION OF AMENDMENTS TO HKFRSS

### New and amendments to HKFRSS that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSS issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

|                                  |   |
|----------------------------------|---|
| Amendments to HKFRS 16           | <i>Lease Liability in a Sale and Leaseback</i>  |
| Amendments to HKAS 1             | <i>Classification of Liabilities as Current or Non-current</i><br>(the "2020 Amendments") |
| Amendments to HKAS 1             | <i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")                     |
| Amendments to HKAS 7 and HKFRS 7 | <i>Supplier Finance Arrangements</i>  |

The application of the new and 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.

### Amendments to HKFRSS in issue but not yet effective

The Group has not early applied the following amendments to HKFRSS that have been issued but are not yet effective:

|  |   |
|--|---|
| HKFRS 18   | <i>Presentation and Disclosure in Financial Statements</i> <sup>3</sup>                                   |
| HKFRS 19   | <i>Subsidiaries without Public Accountability: Disclosures</i> <sup>3</sup>                               |
| Amendments to HKFRS 9 and HKFRS 7                                    | <i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>2</sup>             |
| Amendments to HKFRS 10 and HKAS 28                                   | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup> |
| Amendments to HKAS 21  | <i>Lack of Exchangeability</i> <sup>1</sup>   |
| <i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i> | Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>2</sup>                                 |

<sup>1.</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2.</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3.</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>4.</sup> No mandatory effective date yet determined but available for adoption

The directors of the Company anticipate that the application of all amendments to HKFRSS will have no material impact on the consolidated financial statements in the foreseeable future.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

### Basis of consolidation

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

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

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

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

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

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

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

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

### Changes in the Group's interests in existing subsidiaries

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

### Goodwill

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### **Revenue from contracts with customers**

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

### ***Revenue from catering service***

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

### ***Revenue from online sales of wines***

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

### **Leases**

#### ***Definition of a lease***

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Leases (Continued)

#### *The Group as a lessee*

##### *Allocation of consideration to components of a contract*

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

Non-lease components are separated from lease component are accounted for by applying other applicable standards.

##### *Short-term leases and leases of low-value assets*

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

##### *Right-of-use assets*

The cost of right-of-use assets includes:

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Leases (Continued)

#### ***The Group as a lessee (Continued)***

##### *Refundable rental deposits*

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

##### *Lease liabilities*

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

The lease payments include:

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Leases (Continued)

#### *The Group as a lessee (Continued)*

##### *Lease modifications*

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

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

### Foreign currencies

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Foreign currencies (Continued)

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

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

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

### Government grants

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

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

### Employment benefits

#### ***Retirement benefits costs***

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

#### ***Short-term and other long-term employee benefits***

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Employment benefits (Continued)

#### *Short-term and other long-term employee benefits (Continued)*

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

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

### Taxation

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

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

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Taxation (Continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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

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

### Property and equipment

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

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

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as bank borrowings in the consolidated statement of financial position.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost necessary to make the sale include incremental costs directly attributable to the sales and non-incremental costs which the Group must incur to make the sale.

### Provisions

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

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

### Reinstatement provisions

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments

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

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

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

### Financial assets

#### *Classification and subsequent measurement of financial assets*

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Classification and subsequent measurement of financial assets (Continued)*

A financial asset is held for trading if:

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

#### (i) Amortised cost and interest income

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

#### *Impairment of financial assets subject to impairment assessment under HKFRS 9*

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

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

The Group always recognises lifetime ECL for trade receivables.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

(i) Significant increase in credit risk

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

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

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

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

*Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

(v) Measurement and recognition of ECL (Continued)

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

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

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

#### *Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains' line item (note 8) as part of the exchange gains.

#### *Derecognition of financial assets*

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

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

#### **Financial liabilities and equity**

##### *Classification as debt or equity*

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

##### *Equity instruments*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### **Financial liabilities and equity (Continued)**

##### *Classification as debt or equity (Continued)*

Financial liabilities at amortised cost

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

##### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains' line item in profit or loss (note 8) as part of foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

##### *Derecognition of financial liabilities*

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

## 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

Property and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates, the growth rate or the budgeted gross margins in the cash flow projections, could materially affect the net present value used in the impairment test. Details of impairment assessment are set out in note 16 and 17.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the restaurant to which goodwill have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the restaurant and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 31 December 2024, the net carrying amount of goodwill is HK\$Nil (2023: HK\$Nil). Details of impairment assessment are set out in note 18.

### Provision of ECL for trade and other receivables

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

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in note 22.

## 6. REVENUE AND SEGMENT INFORMATION

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

### (i) Disaggregation of revenue from contracts with customers

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Catering service income (including services provided and food and beverage served) | 13,994           | 8,606            |
| Online sales of wines  | 332              | 466              |
|  | 14,326           | 9,072            |
| Timing of revenue recognition  |                  |                  |
| A point in time  | 14,326           | 9,072            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 6. REVENUE AND SEGMENT INFORMATION (Continued)

### (ii) Performance obligations for contracts with customers

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

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

### (iii) Segment informations

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

The Group has two operating and reportable segments, which includes (i) catering service income and (ii) online sales of wines under the brand of MOW ("MOW").

During the year ended 31 December 2024, there is a new restaurant operated under the brand of Miss J and is allocated to catering service income segment.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 6. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment revenue and results

|                                    | Catering<br>service<br>income<br>HK\$'000 | Online sales<br>of wine<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------------------|---|-------------------------------------|-------------------|
| <b>Year ended 31 December 2024</b> |   |                                     |                   |
| Revenue                            | 13,994                                    | 332                                 | 14,326            |
| Segment result                     | (10,855)                                  | (1,884)                             | (12,739)          |
| Other income                       |   |                                     | 634               |
| Other gains                        |   |                                     | 1,163             |
| Finance costs                      |   |                                     | (1,061)           |
| Unallocated other expenses         |   |                                     | (3,057)           |
| Loss before tax                    |   |                                     | (15,060)          |

|  | Catering<br>service income<br>HK\$'000 | Online sales<br>of wine<br>HK\$'000 | Total<br>HK\$'000 |
|--|--|-------------------------------------|-------------------|
| <b>Year ended 31 December 2023</b>       |  |                                     |                   |
| Revenue                                  | 8,606                                  | 466                                 | 9,072             |
| Segment result                           | (6,698)                                | (1,806)                             | (8,504)           |
| Other income                             |  |                                     | 886               |
| Other gains                              |  |                                     | 1,377             |
| Gain on de-consolidation of a subsidiary |  |                                     | 13,400            |
| Finance costs                            |  |                                     | (626)             |
| Unallocated other expenses               |  |                                     | (2,511)           |
| Profit before tax                        |  |                                     | 4,022             |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 6. REVENUE AND SEGMENT INFORMATION (Continued)

### Geographical information

The following table presents revenue from external customers for the year ended 31 December 2024 and 2023, by geographical area.

#### *Revenue from external customers*

|           | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-----------|------------------|------------------|
| Hong Kong | 332              | 5,475            |
| Singapore | –                | 871              |
| Malaysia  | 13,994           | 2,726            |
|           | <b>14,326</b>    | <b>9,072</b>     |

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

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

## 7. OTHER INCOME

|                         | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-------------------------|------------------|------------------|
| Bank interest income    | 2                | 7                |
| Imputed interest income | –                | 85               |
| Sundry income           | 632              | 794              |
|                         | <b>634</b>       | <b>886</b>       |

## 8. OTHER GAINS

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| Exchange loss, net                                | (77)             | –                |
| Gain on termination of lease                      | 1,418            | 1,377            |
| Loss on disposal of property, plant and equipment | (280)            | –                |
| Others  | 102              | –                |
|   | <b>1,163</b>     | <b>1,377</b>     |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

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

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

|  | Directors' fee<br>HK\$'000 | Salaries and other benefits<br>HK\$'000 | Retirement benefits scheme contributions<br>HK\$'000 | Total emoluments<br>HK\$'000 |
|--|----------------------------|---|--|------------------------------|
| <b>For the year ended 31 December 2024</b> |                            |   |  |                              |
| <b>Executive directors</b>                 |                            |   |  |                              |
| Mr. Chuk Stanley (note i)                  | –                          | –                                       | –  | –                            |
| Mr. Ying Kan Man                           | –                          | 240                                     | 12   | 252                          |
| <b>Independent non-executive directors</b> |                            |   |  |                              |
| Mr. Lynch Stephen Joseph Chor (note iii)   | 18                         | –                                       | –  | 18                           |
| Ms. Ding Weiyu (note iii)                  | 18                         | –                                       | –  | 18                           |
| Mr. Wong Ching Wan (note iv)               | 85                         | –                                       | –  | 85                           |
| Mr. Tang Chiu Ming, Jeremy                 | 103                        | –                                       | –  | 103                          |
| Mr. Yip Ki Chi, Luke (note iv)             | 85                         | –                                       | –  | 85                           |
| <b>Total</b>                               | <b>309</b>                 | <b>240</b>                              | <b>12</b>  | <b>561</b>                   |
| <b>For the year ended 31 December 2023</b> |                            |   |  |                              |
| <b>Executive directors</b>                 |                            |   |  |                              |
| Mr. Chuk Stanley (note i)                  | –                          | –                                       | –  | –                            |
| Mr. Ying Kan Man                           | –                          | 240                                     | 12   | 252                          |
| <b>Independent non-executive directors</b> |                            |   |  |                              |
| Mr. Wong Ching Wan                         | 120                        | –                                       | –  | 120                          |
| Mr. Tang Chiu Ming, Jeremy                 | 120                        | –                                       | –  | 120                          |
| Mr. Yip Ki Chi, Luke                       | 120                        | –                                       | –  | 120                          |
| <b>Total</b>                               | <b>360</b>                 | <b>240</b>                              | <b>12</b>  | <b>612</b>                   |

Notes:

- Mr. Chuk Stanley is also the chairman and chief executive officer of the Company.
- The emoluments of executive directors stated above were for their services in connection with management of the affairs of the Company and subsidiaries. The emoluments of independent non-executive directors state above were for their services in connection with their roles as directors of the Company.
- Appointed as an independent non-executive director on 16 September 2024.
- Resigned as an independent non-executive director on 16 September 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

### (b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2023: none) director of Company whose emolument is included in the disclosures above. The emoluments of the remaining four (2023: four) individuals are as follows:

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Salaries and other benefits              | 892              | 1,070            |
| Retirement benefits scheme contributions | 75               | 50               |
|  | <b>967</b>       | <b>1,120</b>     |

Their emoluments are within the following band:

|                           | 2024<br>Number of<br>employees | 2023<br>Number of<br>employees |
|---------------------------|--------------------------------|--------------------------------|
| HK\$ Nil to HK\$1,000,000 | 4                              | 4                              |

During the year ended 31 December 2024 and 2023, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

## 10. FINANCE COSTS

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| The finance costs represent interest on: |                  |                  |
| – Bank borrowings                        | –                | –*               |
| – Other borrowing                        | 380              | 42               |
| – Lease liabilities                      | 681              | 584              |
|  | <b>1,061</b>     | <b>626</b>       |

\* Less than HK\$1,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 11. INCOME TAX EXPENSE

|                                    | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|------------------------------------|------------------|------------------|
| Hong Kong Profits Tax:             |                  |                  |
| Current tax                        | –                | –                |
| Singapore Corporate Income Tax:    |                  |                  |
| Current tax                        | –                | –                |
| Malaysia Corporate Income Tax:     |                  |                  |
| Current tax                        | –                | –                |
|                                    | –                | –                |
| Deferred taxation charge (note 19) | 316              | –                |
|                                    | 316              | –                |

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Singapore Corporate Income Tax has been provided at 17% (2023: 17%) on the estimated assessable profits arising in Singapore during the year.

The Group's subsidiaries in Malaysia are subject to corporate income tax at a rate of 15%.

No provisions for Hong Kong Profits Tax, Singapore and Malaysia corporate income tax have been made in the consolidated financial statements since the Group has no assessable profits derived for the years ended 31 December 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 11. INCOME TAX EXPENSE (Continued)

The income tax expense for the year ended 31 December 2024 and 2023 can be reconciled to the (loss)/profit before taxation as follows:

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| (Loss)/profit before taxation  | (15,060)         | 4,022            |
| Tax at the domestic income tax rate  | (2,485)          | 664              |
| Tax effect of share of result of associates                                    | 12               | —*               |
| Tax effect of expense not deductible for tax purpose                           | 2,002            | 1,083            |
| Tax effect of income not taxable for tax purpose                               | —                | (2,447)          |
| Tax effect of tax losses/deductible temporary differences not recognised       | 613              | 713              |
| Utilisation of tax losses previously not recognised                            | —                | (9)              |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 174              | (4)              |
| Income tax expense   | 316              | —                |

Details of deferred tax are set out in note 19.

\* Less than HK\$1,000

## 12. DISCONTINUED OPERATIONS

As disclosed in note 32, a winding up order of Leading Win Limited ("Leading Win") was granted by the court and Leading Win is in compulsory winding up process by its provisional liquidators during the year ended 31 December 2023. The Leading Win total assets and liabilities has been deconsolidated from the consolidated statement of financial position as at 31 December 2023.

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Gain on de-consolidation of a subsidiary (note 32) | —                | 13,400           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 13. (LOSS)/PROFIT FOR THE YEAR

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| (Loss)/profit before taxation has been arrived at after charging: |                  |                  |
| Depreciation of property and equipment                            | 1,826            | 1,858            |
| Depreciation of right-of-use assets                               | 1,556            | 1,209            |
| Impairment loss on:   |                  |                  |
| – goodwill  | –                | 109              |
| – property and equipment  | 5,103            | 2,429            |
| – right-of-use assets   | 4,583            | –                |
| Auditor's remuneration  | 660              | 660              |
| Staff costs (including directors' emoluments)                     |                  |                  |
| Salaries and other benefits                                       | 4,691            | 3,983            |
| Retirement benefits scheme contributions                          | 267              | 203              |
|   | 4,958            | 4,186            |
| Short-term lease payment in respect of                            |                  |                  |
| – land and buildings  | 573              | 200              |
| – catering equipment  | –                | 2                |
|   | 573              | 202              |

## 14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 15. (LOSS)/EARNINGS PER SHARE

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

(Loss)/earnings figures are calculated as follows:

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| (Loss)/profit for the year attributable to owners of the Company | <b>(9,801)</b>   | 6,009            |

### Number of shares

|  | '000           | '000<br>(Restated) |
|--|----------------|--------------------|
| Weighted average number of ordinary shares for the purpose of<br>basic and diluted (loss)/earnings per share | <b>171,342</b> | 148,087            |

Comparative figures of the weighted average number of ordinary shares for calculating basic and diluted (loss)/earnings per share have been adjusted on the assumption that the share consolidation has been effective since the beginning of the prior year.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 16. PROPERTY AND EQUIPMENT

|                                    | Leasehold<br>improvements<br>HK\$'000 | Furniture<br>and fixtures<br>HK\$'000 | Catering<br>and other<br>equipment<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------------------|---------------------------------------|---------------------------------------|--|-------------------|
| <b>COST</b>                        |                                       |                                       |  |                   |
| At 1 January 2023                  | 3,311                                 | 1,556                                 | 1,159  | 6,026             |
| Additions                          | 4,488                                 | 468                                   | 1,425  | 6,381             |
| Disposals                          | (976)                                 | –                                     | –  | (976)             |
| Exchange alignment                 | 4                                     | 12                                    | (9)  | 7                 |
| At 31 December 2023                | 6,827                                 | 2,036                                 | 2,575  | 11,438            |
| Additions                          | 572                                   | 873                                   | 863  | 2,308             |
| Disposals                          | (1,802)                               | (761)                                 | (690)  | (3,253)           |
| Exchange alignment                 | 87                                    | 22                                    | 43   | 152               |
| At 31 December 2024                | 5,684                                 | 2,170                                 | 2,791  | 10,645            |
| <b>DEPRECIATION AND IMPAIRMENT</b> |                                       |                                       |  |                   |
| At 1 January 2023                  | 1,551                                 | 430                                   | 565  | 2,546             |
| Provided for the year              | 1,316                                 | 303                                   | 239  | 1,858             |
| Impairment loss                    | 1,427                                 | 743                                   | 259  | 2,429             |
| Eliminated on disposals            | (976)                                 | –                                     | –  | (976)             |
| Exchange alignment                 | 37                                    | 14                                    | 4  | 55                |
| At 31 December 2023                | 3,355                                 | 1,490                                 | 1,067  | 5,912             |
| Provided for the year              | 1,081                                 | 251                                   | 494  | 1,826             |
| Impairment loss                    | 2,991                                 | 727                                   | 1,385  | 5,103             |
| Eliminated on disposals            | (1,802)                               | (685)                                 | (486)  | (2,973)           |
| Exchange alignment                 | 59                                    | 14                                    | 29   | 102               |
| At 31 December 2024                | 5,684                                 | 1,797                                 | 2,489  | 9,970             |
| <b>CARRYING VALUES</b>             |                                       |                                       |  |                   |
| At 31 December 2024                | –                                     | 373                                   | 302  | 675               |
| At 31 December 2023                | 3,472                                 | 546                                   | 1,508  | 5,526             |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 16. PROPERTY AND EQUIPMENT (Continued)

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

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

Based on the result of the assessment, management of the Group determined that the recoverable amount of the cash generating unit is lower than the carrying amount. The impairment amount has been allocated to each category of property, plant and equipment, and right-of-use assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, impairment loss of HK\$5,103,000 and HK\$4,583,000 (2023: HK\$2,429,000 and HK\$nil) has been recognised against the carrying amount of property, plant and equipment and right-of-use assets respectively within the relevant functions to which these assets relate.

The period over which the management has projected the projection is 5 years (2023: 5 years), the growth rate used to extrapolate cash flow projection is 2% to 3.5% (2023: 1.7%), and the discount rate used is 8.35% to 8.54% (2023: 9.05%).

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

## 17. RIGHT-OF-USE ASSETS

|                                     | Leased<br>properties<br>HK\$'000 |
|-------------------------------------|----------------------------------|
| As at 31 December 2024              |                                  |
| Carrying amount                     | –                                |
| As at 31 December 2023              |                                  |
| Carrying amount                     | 4,215                            |
| For the year ended 31 December 2024 |                                  |
| Depreciation provided for the year  | 1,556                            |
| Impairment loss                     | 4,583                            |
| For the year ended 31 December 2023 |                                  |
| Depreciation provided for the year  | 1,209                            |
| Loss on termination of leases       | 1,369                            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 17. RIGHT-OF-USE ASSETS (Continued)

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16 | 329              | 200              |
| Expense relating to leases of low-value assets, excluding short-term leases of low value assets   | 269              | 2                |
| Total cash outflow of leases  | 2,097            | 3,395            |
| Additions to right-of-assets  | 998              | 4,591            |
| Gain on termination of lease  | 1,418            | 1,377            |

For both years, the Group leases various properties for its restaurant operations. Lease contracts are entered into the following ranges of fixed terms of 2 years to 8 years (2023: 2 years to 8 years), but may have extension and termination options as described below.

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

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

### Extension and termination options

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

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

|             | 2024<br>HKD'000 | Potential<br>future lease<br>payments<br>not included<br>in lease<br>liabilities<br>(undiscounted)<br>HKD'000 | 2023<br>HKD'000 | Potential<br>future lease<br>payments<br>not included<br>in lease<br>liabilities<br>(undiscounted)<br>HKD'000 |
|-------------|-----------------|---|-----------------|---|
| Restaurants | 1,070           | 1,188   | 6,146           | 6,763   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 17. RIGHT-OF-USE ASSETS (Continued)

### Extension and termination options (Continued)

The following table summarised the additional lease liabilities recognised during the year ended 31 December 2024 and 2023 as a result of (i) exercising extension option that the Group was not reasonably certain to exercise and (ii) not exercising termination option that the Group was not reasonably certain not to exercise:

|  | Extension<br>option<br>exercisable<br>2024<br>No. of leases | Extension<br>option<br>exercised<br>No. of leases | Termination<br>option<br>exercisable<br>2024<br>No. of leases | Termination<br>option not<br>exercised<br>No. of leases |
|--|---|---|---|---|
|--|---|---|---|---|

|             |   |   |   |   |
|-------------|---|---|---|---|
| Restaurants | 1 | – | – | – |
|-------------|---|---|---|---|

|   |  |   |  |   |
|---|--|---|--|---|
| Additional lease liabilities recognised during the year ended 31 December 2024 (HK\$'000) |  | – |  | – |
|---|--|---|--|---|

|  | Extension<br>option<br>exercisable<br>2023<br>No. of leases | Extension<br>option<br>exercised<br>No. of leases | Termination<br>option<br>exercisable<br>2023<br>No. of leases | Termination<br>option not<br>exercised<br>No. of leases |
|--|---|---|---|---|
|--|---|---|---|---|

|             |   |   |   |   |
|-------------|---|---|---|---|
| Restaurants | 1 | – | – | – |
|-------------|---|---|---|---|

|   |  |   |  |   |
|---|--|---|--|---|
| Additional lease liabilities recognised during the year ended 31 December 2023 (HK\$'000) |  | – |  | – |
|---|--|---|--|---|

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2024 and 2023, there is no such triggering event.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 18. GOODWILL

|  | Acquisition of<br>Xxperience<br>Lifestyle<br>Pte. Ltd.<br>("Xxperience<br>Lifestyle")<br>HK\$' 000 |
|--|--|
| COST   |  |
| At 1 January 2022, 31 December 2022 and 31 December 2023 | 109  |
| IMPAIRMENT   |  |
| At 1 January 2022 and 31 December 2022                   | –  |
| Impairment loss recognised                               | 109  |
| At 31 December 2023 and 2024                             | 109  |
| CARRYING VALUES  |  |
| At 31 December 2024                                      | –  |
| At 31 December 2023                                      | –  |

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

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Initial set-up cost of the potential new restaurant business | –                | –                |

During the year ended 31 December 2024, an impairment loss on goodwill of HK\$Nil was recorded due to the under-performance of the brand of Xxperience Lifestyle ("Sushi MEW (Singapore)") restaurant operated in Singapore (2023: HK\$109,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 19. DEFERRED TAXATION

The following is the deferred tax assets/(liabilities) recognised and movements thereon during the year ended 31 December 2024 and 2023:

|  | Tax losses<br>HK\$'000 | Accelerated tax<br>depreciation<br>HK\$'000 | Total<br>HK\$'000 |
|--|------------------------|---|-------------------|
| At 31 December 2022 and 1 January 2023 | –                      | –   | –                 |
| Credit/(charge) to profit or loss      | 316                    | (316)                                       | –                 |
| At 31 December 2023 and 1 January 2024 | 316                    | (316)                                       | –                 |
| Charge to profit or loss               | (316)                  | –   | (316)             |
| At 31 December 2024                    | –                      | (316)                                       | (316)             |

For the purpose of presentation in the consolidated financial statements, the following is the analysis of the deferred taxation:

|                          | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--------------------------|------------------|------------------|
| Deferred tax assets      | –                | 316              |
| Deferred tax liabilities | (316)            | (316)            |
|                          | (316)            | –                |

At 31 December 2024, the Group has unused tax losses of approximately HK\$24,764,000 (2023: HK\$20,062,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses of HK\$22,656,000 (2023: HK\$17,954,000) as at 31 December 2024 due to the unpredictability of future profit.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 19. DEFERRED TAXATION (Continued)

The Group's tax losses will expire in the following years

As at 31 December 2024

|                  | Hong Kong<br>HK\$'000 | Singapore<br>HK\$'000 | Malaysia<br>HK\$'000 | Total<br>HK\$'000 |
|------------------|-----------------------|-----------------------|----------------------|-------------------|
| 31 December 2030 | –                     | –                     | 6,677                | 6,677             |
| No expiry date   | 13,255                | 4,842                 | –                    | 18,097            |
|                  | 13,255                | 4,842                 | 6,677                | 24,774            |

As at 31 December 2023

|                  | Hong Kong<br>HK\$'000 | Singapore<br>HK\$'000 | Malaysia<br>HK\$'000 | Total<br>HK\$'000 |
|------------------|-----------------------|-----------------------|----------------------|-------------------|
| 31 December 2030 | –                     | –                     | 3,690                | 3,690             |
| No expiry date   | 11,530                | 4,842                 | –                    | 16,372            |
|                  | 11,530                | 4,842                 | 3,690                | 20,062            |

No deferred tax asset has been recognised in respect of the entire unused tax losses and deductible temporary differences as at 31 December 2024 and 2023 due to the unpredictability of future profit.

## 20. INTERESTS IN ASSOCIATES

|                                  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|----------------------------------|------------------|------------------|
| Cost of investment in associates | 173              | 173              |
| Share of result of associates    | (16)             | 87               |
| Exchange realignment             | 26               | (10)             |
|                                  | 183              | 250              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 20. INTERESTS IN ASSOCIATES (Continued)

Details of the Group's associate at the end of the reporting period is as follows:

| Name of entity           | Place of incorporation/<br>registration | Principal place of business | Proportion of ownership interest held by the Company |               | Proportion of voting rights held by the Company |               | Principal activity   |
|--------------------------|---|-----------------------------|--|---------------|---|---------------|----------------------|
|                          |   |                             | 2024   | 2023          | 2024  | 2023          |                      |
| Aori Malaysia Sdn. Bhd.  | Malaysia                                | Malaysia                    | <b>Directly: 49%</b>                                 | Directly: 49% | <b>Directly: 49%</b>                            | Directly: 49% | Restaurant operation |
| Aori Pavillion Sdn. Bhd. | Malaysia                                | Malaysia                    | <b>Indirect: 49%</b>                                 | Indirect: 49% | <b>Indirect: 49%</b>                            | Indirect: 49% | Restaurant operation |

The financial results of associate are accounted for using equity method.

The following table illustrates the summarised financial information of associate adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Current assets   | <b>1,055</b>     | 681              |
| Non-current assets                                     | <b>55</b>        | 76               |
| Current liabilities                                    | <b>(736)</b>     | (66)             |
| Net assets   | <b>374</b>       | 691              |
| Reconciliation to the Company's interest in associate: |                  |                  |
| Proportion of the Company's ownership                  | <b>49%</b>       | 49%              |
| Share of net assets                                    | <b>183</b>       | 339              |
| Revenue  | <b>2,928</b>     | 2,652            |
| (Loss)/profit for the year                             | <b>(328)</b>     | 175              |
| Dividend receivable from associate                     | –                | –                |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. INVENTORIES

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| Food and beverage and other consumables for restaurant operations | 801              | 402              |

## 22. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Trade receivables                                      |                  |                  |
| – Amount due from a non-controlling interest (note 25) | –                | 10               |
| – Amounts due from third parties                       | 640              | 178              |
| Rental deposits  |                  |                  |
| – Amount due from a non-controlling interest (note 25) | 510              | 510              |
| – Amounts due from third parties                       | 458              | 1,099            |
| Other deposits   | 192              | 204              |
| Prepayments and other receivables                      | 284              | 312              |
| Total  | 2,084            | 2,313            |
| Analysed for reporting purposes as:                    |                  |                  |
| Non-current assets                                     | 959              | 1,503            |
| Current assets   | 1,125            | 810              |
|  | 2,084            | 2,313            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 22. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| The carrying values of trade receivables, deposits and prepayments are denominated in the following currencies: |                  |                  |
| HK\$  | 377              | 1,393            |
| Singapore Dollars ("SGD")   | 175              | 182              |
| Malaysia Ringgit ("MYR")  | 1,532            | 738              |
|   | <b>2,084</b>     | <b>2,313</b>     |

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

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

However, the Group allows a credit period of 30 days to its VIP members which include certain corporate customers for consumption in the Group's restaurants. The credit period provided to customers can vary based on a number of factors including nature of operations, the Group's relationship with the customer and the customer's credit profile. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non interest-bearing. They are stated after netting the loss allowance.

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

During the year ended 31 December 2024 and 2023, there is no impairment loss under ECL model from continuing operations recognised in the profit or loss.

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

|               | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---------------|------------------|------------------|
| 0 to 30 days  | 517              | 148              |
| 31 to 60 days | 45               | 13               |
| 61 to 90 days | 39               | –                |
| Over 90 days  | 39               | 27               |
|               | <b>640</b>       | <b>188</b>       |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 22. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

As at 31 December 2024, included in the Group's trade receivables balance, one debtor with aggregate carrying amount of HK\$123,000 (2023: HK\$40,000) which are past due as at the reporting date. Out of the past due balances, HK\$123,000 (2023: HK\$40,000) has been past due 30 days or more and is not considered as in default as these balances are mainly due from customers of good credit quality. The Group does not hold any collateral over the balances.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2024 and 2023 are set out in note 34.

## 23. CASH AND CASH EQUIVALENTS

|                 | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-----------------|------------------|------------------|
| Cash at banks   | 2,422            | 2,253            |
| Cash on hand    | 163              | 163              |
|                 | <b>2,585</b>     | 2,416            |
| Denominated in: |                  |                  |
| HK\$            | 772              | 1,375            |
| SGD             | 119              | 124              |
| MYR             | 1,694            | 917              |
|                 | <b>2,585</b>     | 2,416            |

Details of impairment assessment of bank balances is set out in note 34.

## 24. TRADE AND OTHER PAYABLES AND ACCRUALS

|                             | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-----------------------------|------------------|------------------|
| Trade payables              | 3,914            | 2,419            |
| Salaries payables           | 1,140            | 1,166            |
| Accruals and other payables | 5,099            | 3,380            |
|                             | <b>10,153</b>    | 6,965            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 24. TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| The carrying values of trade and other payables and accruals are denominated in the following currencies: |                  |                  |
| HK\$  | 2,593            | 3,431            |
| SGD   | 2,335            | 2,465            |
| MYR   | 5,225            | 1,069            |
|   | 10,153           | 6,965            |

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

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

|              | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--------------|------------------|------------------|
| 0–30 days    | 1,334            | 328              |
| 31–60 days   | 204              | 118              |
| 61–90 days   | 76               | 69               |
| Over 90 days | 2,300            | 1,904            |
|              | 3,914            | 2,419            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 25. AMOUNTS DUE FROM/(TO) RELATED PARTIES

Details of amounts due from/(to) related parties as at 31 December 2024 and 2023 are stated as follows:

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| Amount due from a related party               |                  |                  |
| Mr. Wong Kwong Sum (note i)                   | 84               | 34               |
| Amounts due to related parties                |                  |                  |
| Mr. Ying Kan Man                              | 569              | 1,503            |
| PB Control Limited (note ii)                  | 2,312            | 1,150            |
| Aori Pavillion Sdn Bhd                        | 142              | 41               |
| Mr. Sim Eng Heng Ian (note iii)               | 24               | 25               |
| W Club Sdn Bhd                                | 1                | –                |
| Ferria Deli Sdn Bhd                           | 1                | –                |
| Focus Deli Sdn Bhd                            | 19               | –                |
| Focus Dynamic Group Limited                   | 143              | –                |
| Focus Sky Sdn Bhd                             | 16               | –                |
| Lavo Gallery Sdn Bhd                          | 193              | –                |
| Mr. Koh Chee Loong                            | 174              | –                |
| Mr. Peh Hiong Cheng                           | 40               | –                |
|   | 3,634            | 2,719            |
| Trade receivable and rental deposit (Note 22) |                  |                  |
| Focus Supernova Sdn Bhd (note iv)             | 315              | 520              |
| Focus Jumbo Sdn Bhd (note v)                  | 195              | –                |
|   | 510              | 520              |

Notes:

- (i) Mr. Wong Kwong Sum is a director of a subsidiary of the Company.
- (ii) Mr. Ying Kan Man is one of the directors of the company.
- (iii) Mr. Sim Eng Heng Ian is a director of a subsidiary of the Company.
- (iv) Focus Supernova Sdn Bhd is non-controlling interest of a subsidiary of the Company.
- (v) Focus Jumbo Sdn Bhd is non-controlling interest of a subsidiary of the Company.

The amount due from a related party was non-trade, unsecured and interest free as at 31 December 2024 and 2023.

The amounts due to related parties were non-trade, unsecured and interest free except the amount due to PB Control Limited of HK\$Nil (2023: HK\$60,000) is trade nature, unsecured and interest free as at 31 December 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 26. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The balances are non-trade, unsecured and interest free as at 31 December 2024 and 2023.

## 27. BANK AND OTHER BORROWINGS

|                 | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-----------------|------------------|------------------|
| Bank overdrafts | –                | –*               |
| Other borrowing | 1,718            | 3,276            |
|                 | 1,718            | 3,276            |
| Unsecured       | 1,718            | 3,276            |

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| The carrying values of bank borrowings are denominated in the following currencies: |                  |                  |
| HK\$  | –                | –*               |
| MYR   | 1,718            | 3,276            |
|   | 1,718            | 3,276            |

\* Less than HK\$1,000

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| The carrying amounts of the above borrowings are repayable:         |                  |                  |
| – Within one year   | 1,718            | 1,595            |
| – Within a period of more than one year but not exceeding two years | –                | 1,681            |
|   | 1,718            | 3,276            |
| Less: Amounts due within one year shown under current liabilities   | (1,718)          | (1,595)          |
| Amount shown under non-current liabilities                          | –                | 1,681            |

Bank overdrafts carry interest at market rates from 10.88% to 13.88% per annum as at 31 December 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27. BANK AND OTHER BORROWINGS (Continued)

None of the bank borrowings are secured and guaranteed as at 31 December 2024 (2023: Nil).

As at 31 December 2024, other borrowing of HK\$1,718,000 (2023: HK\$3,276,000) are secured, guaranteed by Focus Supernova Sdn. Bhd, the non-controlling interest of the Company and Noble Triumph Limited, the subsidiary of the Company, interest-bearing and are repayable within 24 months from the date of drawdown.

## 28. LEASE LIABILITIES

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| Lease liabilities payable:  |                  |                  |
| Within one year   | 1,512            | 2,425            |
| Within a period of more than one year but not more than two years             | 1,290            | 745              |
| Within a period of more than two years but not more than five years           | 1,479            | 1,918            |
| Within a period of more than five years                                       | 729              | 1,058            |
|   | 5,010            | 6,146            |
| Less: Amount due to settlement with 12 months shown under current liabilities | (1,512)          | (2,425)          |
| Amount due to settlement after 12 months shown under non-current liabilities  | 3,498            | 3,721            |

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| The carrying values of lease liabilities are denominated in the following currencies: |                  |                  |
| HK\$  | 597              | 1,842            |
| MYR   | 4,413            | 4,304            |
|   | 5,010            | 6,146            |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 29. PROVISIONS

|                                    | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|------------------------------------|------------------|------------------|
| Analysis for reporting purpose as: |                  |                  |
| Current liabilities                | 591              | 150              |
| Non-current liabilities            | 21               | 21               |
|                                    | 612              | 171              |

|   | Surcharge<br>and penalty<br>provisions<br>HK\$'000 | Reinstatement<br>provisions<br>HK\$'000 | Total<br>HK\$'000 |
|---|--|---|-------------------|
| At 1 January 2023                       | 2,197  | 1,511                                   | 3,708             |
| Provision utilized                      | –  | (50)                                    | (50)              |
| Elimination on disposal of a subsidiary | (2,197)  | (1,290)                                 | (3,487)           |
| At 31 December 2023                     | –  | 171                                     | 171               |
| Provision recognised                    | 541  | –                                       | 541               |
| Provision utilized                      | –  | (100)                                   | (100)             |
| At 31 December 2024                     | 541  | 71                                      | 612               |

- i) The surcharge and penalty provisions mainly related to surcharge and penalty on overdue salaries and retirement benefits scheme contribution of the Group's employees and certain overdue lease payment.
- ii) The provision for reinstatement works related to the estimated cost of reinstating the rented premises to be carried out at the end of respective lease periods. These amounts have not been discounted for the purpose of measuring the provision for reinstatement works as the effect is not significant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 30. SHARE CAPITAL

The share capital as at 31 December 2024 and 2023 represented the share capital of the Company with the details as follows:

|  | Number<br>of shares | Amount<br>HK\$'000 |
|--|---------------------|--------------------|
| Ordinary shares  |                     |                    |
| Authorised:  |                     |                    |
| At 1 January 2022, 31 December 2022 and 31 December 2023<br>of HK\$0.01 each | 2,000,000,000       | 20,000             |
| Share consolidation  | (1,800,000,000)     | –                  |
| At 31 December 2024 of HK\$0.1 each  | 200,000,000         | 20,000             |
| Issued and fully paid:   |                     |                    |
| At 1 January 2022 and 31 December 2022                                       | 1,382,400,000       | 13,824             |
| Issue of shares  | 276,480,000         | 2,765              |
| At 31 December 2023 and 1 January 2024                                       | 1,658,880,000       | 16,589             |
| Share consolidation  | (1,492,992,000)     | –                  |
| Issue of shares  | 33,177,600          | 3,317              |
| At 31 December 2024  | 199,065,600         | 19,906             |

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

On 19 December 2023, the Company completed a placing of new shares under general mandate. An aggregate of 276,480,000 placing shares have been successfully placed at the placing price of HK\$0.013 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing amounted to approximately HK\$3.5 million.

On 18 January 2024, every ten issued and unissued shares of par value HK\$0.01 each in the share capital of the Company was consolidated into one share of par value HK\$0.1 (the "Share Consolidation"). Following the Share Consolidation on 18 January 2024, 1,658,880,000 shares in the issued share capital of the Company were consolidated into 165,888,000 consolidated shares.

On 7 November 2024, the Company completed a placing of new shares under general mandate. An aggregate of 33,177,600 placing shares have been successfully placed at the placing price of HK\$0.1 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing amounted to approximately HK\$3.3 million.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. RETIREMENT BENEFITS SCHEMES

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

In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) ordinance 2022 which abolishes the use of the accrued benefits derived from employees' mandatory MPF contributions to offset severance payment and long service payment (the Abolition).

In view of the Group only has limited employees in Hong Kong, there is no significant financial impact on the Abolition.

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

The employees of the Group's subsidiary in Malaysia are required to participate in a statutory Employee Provident Fund. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes 12-13% of the relevant payroll costs to the scheme, which contribution is matched by employees.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 32. GAIN ON DE-CONSOLIDATION OF A SUBSIDIARY

On 22 March 2023, a winding up order of Leading Win was granted by the court and Leading Win is in compulsory winding up process by its provisional liquidators during the year ended 31 December 2023. All the assets and liabilities of Leading Win has been deconsolidated from the consolidated statement of financial position as at 31 December 2023.

The following table summarises the net assets being de-consolidated of during the year ended 31 December 2023 and the financial impacts are summarised as follows:

|  | 2023<br>HK\$'000 |
|--|------------------|
| <b>Analysis of assets and liabilities over which control was lost:</b> |                  |
| Deposits   | 14               |
| Trade payables, other payables and accruals                            | (9,927)          |
| Provision  | (3,487)          |
| Bank overdrafts  | —*               |
| Net liabilities de-consolidated  | (13,400)         |
| <b>Gain on de-consolidation of a subsidiary:</b>                       |                  |
| Net liabilities de-consolidated  | 13,400           |
| Gain on de-consolidation   | 13,400           |
| <b>Net cash outflow arising on de-consolidation:</b>                   |                  |
| Consideration received   | —*               |
| Less: cash and cash equivalents de-consolidated                        | —                |
|  | —                |

\* Less than HK\$1,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 33. CAPITAL RISK MANAGEMENT

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

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

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

## 34. FINANCIAL INSTRUMENTS

Categories of financial instruments

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| Financial assets                          |                  |                  |
| At amortised cost                         | 4,753            | 4,763            |
| Financial liabilities – At amortised cost | 19,825           | 15,942           |
| Lease liabilities                         | 5,010            | 6,146            |

### Financial risk management objectives and policies

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

### Currency risk

During the years ended 31 December 2024 and 2023, several subsidiaries of the Company have foreign currency transactions and foreign currency borrowing, which expose the Group to foreign currency risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Currency risk (Continued)

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period that are considered significant by management are as follows:

|      | Liabilities      |                  | Assets           |                  |
|------|------------------|------------------|------------------|------------------|
|      | 2024<br>HK\$'000 | 2023<br>HK\$'000 | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
| HK\$ | 5,400            | 7,573            | 1,232            | 2,802            |
| SGD  | 2,228            | 1,908            | 294              | 306              |
| MYR  | 17,207           | 12,607           | 3,227            | 1,655            |
|      | 24,835           | 22,088           | 4,753            | 4,763            |

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

#### Sensitivity analysis

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

|                                      | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--------------------------------------|------------------|------------------|
| HK\$ impact                          |                  |                  |
| – HK\$ strengthens against SGD by 5% | 97               | 80               |
| – HK\$ weakens against SGD by 5%     | (97)             | (80)             |
| – HK\$ strengthens against MYR by 5% | 699              | 548              |
| – HK\$ weakens against MYR by 5%     | (699)            | (548)            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### **Interest rate risk**

The Group is exposed to cash flow interest rate risk in relation to variable rate bank balances and bank and other borrowings (note 23 and 27). The Group is also exposed to fair value interest rate risk in relation to fixed-rate lease liabilities (note 28). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arises.

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

#### *Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable-rate bank and other borrowings. The analysis is prepared assuming the variable-rate bank and other borrowings at the end of each reporting period were outstanding for the whole year and 50 basis points increase or decrease are used.

If interest rates have been 50 basis points higher/lower for variable-rate bank balances and bank and other borrowings and all other variables were held constant, the Group's loss for the year ended 31 December 2024 would increase/decrease by HK\$4,335 (2023: profit for the year decrease/increase by HK\$5,115).

#### **Credit risk and impairment assessment**

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

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

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

The credit risk for bank balances is considered as not material as such amounts are placed in banks with good reputation. The credit risk associated with these balances are considered as not material as such amount is placed in an separate account of bank with good reputation.

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### **Credit risk and impairment assessment (Continued)**

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

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

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

As at 31 December 2024 and 2023, for trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL and determined that the trade receivables is not credit impairment. For other financial assets, the Group measures the loss allowance at 12-month ECL.

#### **Liquidity risk**

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

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

|   | Weighted<br>average<br>effective<br>interest rate<br>% | Repayable<br>on demand<br>HK\$'000 | Within<br>3 months<br>HK\$'000 | 3 months<br>to<br>1 year<br>HK\$'000 | 1-5<br>years<br>HK\$'000 | Over 5<br>years<br>HK\$'000 | Total<br>undiscounted<br>cash flows<br>HK\$'000 | Total<br>carrying<br>amount<br>HK\$'000 |
|---|--|------------------------------------|--------------------------------|--------------------------------------|--------------------------|-----------------------------|---|---|
| <b>As at 31 December 2024</b>               |  |                                    |                                |                                      |                          |                             |   |   |
| <b>Non-derivative financial liabilities</b> |  |                                    |                                |                                      |                          |                             |   |   |
| Trade and other payables                    | N/A  | -                                  | 9,013                          | -                                    | -                        | -                           | 9,013   | 9,013                                   |
| Amounts due to related parties              | N/A  | 3,634                              | -                              | -                                    | -                        | -                           | 3,634   | 3,634                                   |
| Amounts due to non-controlling interest     | N/A  | 5,460                              | -                              | -                                    | -                        | -                           | 5,460   | 5,460                                   |
| Bank and other borrowings                   | 14.68  | -                                  | 504                            | 1,343                                | -                        | -                           | 1,847   | 1,718                                   |
| Lease liabilities                           | 5.88-14.13   | -                                  | 510                            | 1,545                                | 3,724                    | 820                         | 6,599   | 5,010                                   |
|   |  | 9,094                              | 10,027                         | 2,888                                | 3,724                    | 820                         | 26,553  | 24,835                                  |

|   | Weighted<br>average<br>effective<br>interest rate<br>% | Repayable<br>on demand<br>HK\$'000 | Within<br>3 months<br>HK\$'000 | 3 months<br>to<br>1 year<br>HK\$'000 | 1-5<br>years<br>HK\$'000 | Over 5<br>years<br>HK\$'000 | Total<br>undiscounted<br>cash flows<br>HK\$'000 | Total<br>carrying<br>amount<br>HK\$'000 |
|---|--|------------------------------------|--------------------------------|--------------------------------------|--------------------------|-----------------------------|---|---|
| <b>As at 31 December 2023</b>               |  |                                    |                                |                                      |                          |                             |   |   |
| <b>Non-derivative financial liabilities</b> |  |                                    |                                |                                      |                          |                             |   |   |
| Trade and other payables                    | N/A  | -                                  | 5,799                          | -                                    | -                        | -                           | 5,799   | 5,799                                   |
| Amounts due to related parties              | N/A  | 2,719                              | -                              | -                                    | -                        | -                           | 2,719   | 2,719                                   |
| Amounts due to non-controlling interest     | N/A  | 4,148                              | -                              | -                                    | -                        | -                           | 4,148   | 4,148                                   |
| Bank and other borrowings                   | 14.68  | -                                  | 493                            | 1,478                                | 1,807                    | -                           | 3,778   | 3,276                                   |
| Lease liabilities                           | 14.13  | -                                  | 1,037                          | 2,021                                | 4,439                    | 795                         | 8,292   | 6,146                                   |
|   |  | 6,867                              | 7,329                          | 3,499                                | 6,246                    | 795                         | 24,736  | 22,088                                  |

Bank and other borrowings with a repayment on demand clause are included in the "Repayable on demand" time band in the above maturity analysis. As at 31 December 2024, the aggregate carrying amount of these bank and other borrowings was HK\$1,718,000 (2023: HK\$3,276,000). Taking into account the Group's financial position, management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank and other borrowings of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

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

|                            | Weighted<br>Average<br>effective<br>interest rate<br>% | Within<br>3 months<br>HK\$'000 | 3 months to<br>1 year<br>HK\$'000 | 1-5<br>years<br>HK\$'000 | Total<br>undiscounted<br>cash flows<br>HK\$'000 | Total<br>carrying<br>amount<br>HK\$'000 |
|----------------------------|--|--------------------------------|-----------------------------------|--------------------------|---|---|
| Bank and other borrowings: |  |                                |                                   |                          |   |   |
| As at 31 December 2024     | 14.68  | 504                            | 1,343                             | –                        | 1,847   | 1,718                                   |
| As at 31 December 2023     | 14.68  | 493                            | 1,478                             | 1,807                    | 3,778   | 3,276                                   |

#### Fair value

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 35. RELATED PARTY TRANSACTIONS

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

|                           | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---------------------------|------------------|------------------|
| Catering income from:     |                  |                  |
| – Ferria Sdn Bhd          | 1                | –                |
| Sundry income from:       |                  |                  |
| – PB Control Limited      | –                | 60               |
| Purchase from:            |                  |                  |
| – Aori Pavillion Sdn Bhd  | 7                | –                |
| – Ferria Sdn Bhd          | 4                | –                |
| – Focus Deli Sdn Bhd      | 11               | –                |
| – W Club Sdn Bhd          | 1                | –                |
| – Lavo Gallery Sdn Bhd    | 225              | –                |
| – Lavo Selangor Sdn Bhd   | 1                | –                |
|                           | 249              | –                |
| Management fee paid to:   |                  |                  |
| – Focus Supernova Sdn Bhd | 247              | 144              |
| Lease payment to:         |                  |                  |
| – Focus Jumbo Sdn Bhd     | 441              | –                |
| – Focus Supernova Sdn Bhd | 696              | 400              |
|                           | 1,137            | 400              |

Details of the balances with related parties are disclosed in the consolidated statement of financial position and note 25.

## Compensation of key management personnel

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

|                          | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--------------------------|------------------|------------------|
| Short-term benefits      | 240              | 240              |
| Post-employment benefits | 12               | 12               |
|                          | 252              | 252              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

|   | Amounts<br>due to<br>related<br>parties<br>HK\$'000 | Amount<br>due to<br>non-<br>controlling<br>interest<br>HK\$'000 | Bank and<br>other<br>borrowings<br>HK\$'000 | Bank<br>overdrafts<br>HK\$'000 | Lease<br>liabilities<br>HK\$'000 | Total<br>HK\$'000 |
|---|---|---|---|--------------------------------|----------------------------------|-------------------|
| At 1 January 2023                                   | –   | 40  | 88  | 255                            | 7,112                            | 7,495             |
| Financing cash flows (note)                         | 2,719   | 4,113   | 3,146                                       | (255)                          | (3,395)                          | 6,328             |
| Finance costs recognised                            | –   | –   | 42  | –                              | 584                              | 626               |
| New lease entered                                   | –   | –   | –   | –                              | 4,591                            | 4,591             |
| Termination of lease                                | –   | –   | –   | –                              | (2,746)                          | (2,746)           |
| Capital contribution from non-controlling interests | –   | (5)   | –   | –                              | –                                | (5)               |
| At 31 December 2023                                 | 2,719   | 4,148   | 3,276                                       | –                              | 6,146                            | 16,289            |
| Financing cash flows (note)                         | 915   | 1,315   | (1,938)                                     | –                              | (2,097)                          | (1,805)           |
| Finance costs recognised                            | –   | –   | 380   | –                              | 681                              | 1,061             |
| Transfer to provision                               | –   | –   | –   | –                              | (398)                            | (398)             |
| New lease entered                                   | –   | –   | –   | –                              | 998                              | 998               |
| Termination of lease                                | –   | –   | –   | –                              | (1,418)                          | (1,418)           |
| Modification of lease                               | –   | –   | –   | –                              | 1,001                            | 1,001             |
| Capital contribution from non-controlling interests | –   | (3)   | –   | –                              | –                                | (3)               |
| Exchange difference                                 | –   | –   | –   | –                              | 97                               | 97                |
| At 31 December 2024                                 | 3,634   | 5,460   | 1,718                                       | –                              | 5,010                            | 15,822            |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 37. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| NON-CURRENT ASSET   |                  |                  |
| Investments in subsidiaries                               | 4                | 4                |
| CURRENT ASSETS  |                  |                  |
| Other receivables, deposits and prepayments               | 81               | 238              |
| Amounts due from related companies                        | 1,964            | 685              |
| Cash and cash equivalents                                 | 629              | 829              |
|   | 2,674            | 1,752            |
| CURRENT LIABILITIES                                       |                  |                  |
| Other payables and accruals                               | 3,380            | 1,688            |
| Amounts due to related parties                            | 1,232            | 2,336            |
|   | 4,612            | 4,024            |
| Net current liabilities                                   | (1,938)          | (2,272)          |
| Total assets less current liabilities and net liabilities | (1,934)          | (2,268)          |
| CAPITAL & RESERVES  |                  |                  |
| Share capital   | 19,906           | 16,589           |
| Reserves (note)   | (21,840)         | (18,857)         |
| Deficit attributable to owners of the Company             | (1,934)          | (2,268)          |

Note:

### Reserves

|   | Share<br>premium<br>HK\$'000 | Accumulated<br>losses<br>HK\$'000 | Total<br>HK\$'000 |
|---|------------------------------|-----------------------------------|-------------------|
| At 1 January 2023                           | 98,691                       | (114,086)                         | (15,395)          |
| Loss and comprehensive expense for the year | –                            | (4,201)                           | (4,201)           |
| Issue of shares, net of transaction costs   | 739                          | –                                 | 739               |
| At 31 December 2023                         | 99,430                       | (118,287)                         | (18,857)          |
| Loss and comprehensive expense for the year | –                            | (2,933)                           | (2,933)           |
| Issue of shares, net of transaction costs   | (50)                         | –                                 | (50)              |
| At 31 December 2024                         | 99,380                       | (121,220)                         | (21,840)          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) Particulars of the Company's principal subsidiaries at 31 December 2024 and 2023 are as follows:

| Name of subsidiary                   | Place of establishment | Place of operation | Issued and full paid share capital | Attributable equity interest of the Group as at 31 December |      | Principal activities  |
|--------------------------------------|------------------------|--------------------|------------------------------------|---|------|-----------------------|
|                                      |                        |                    |                                    | 2024  | 2023 |                       |
| Indirectly held                      |                        |                    |                                    |   |      |                       |
| Code Entertainment Limited           | Hong Kong              | Hong Kong          | HK\$100,000                        | 100%  | 100% | Bar operation         |
| MOW Limited                          | Hong Kong              | Hong Kong          | HK\$100                            | 100%  | 100% | Online sales of wine  |
| MEW HK Limited                       | Hong Kong              | Hong Kong          | HK\$100                            | 100%  | 100% | Restaurant operation  |
| Bounce Club Limited                  | Hong Kong              | Hong Kong          | HK\$100                            | 100%  | 100% | Club operation*       |
| Xperience Lifestyle                  | Singapore              | Singapore          | SGD10,000                          | 70%   | 70%  | Restaurant operation  |
| Sushi QUBEY                          | Malaysia               | Malaysia           | MYR2,000,000                       | 51%   | 51%  | Restaurant operation^ |
| Sushi MEW                            | Malaysia               | Malaysia           | MYR2,000,000                       | 51%   | 51%  | Restaurant operation^ |
| Miss J                               | Malaysia               | Malaysia           | MRY2,000                           | 51%   | –    | Restaurant operation  |
| Aori Pavilion (DSR) Sdn Bhd ("Aori") | Malaysia               | Malaysia           | MRY2,000                           | 60%   | 60%  | Restaurant operation  |

^ The subsidiaries started restaurant operations in late of the year ended 31 December 2023.

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

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

## (b) Details of non-wholly owned subsidiaries those have material non-controlling interests

The table shows details of non-wholly owned subsidiaries of the Group those have material non-controlling interests:

| Name of subsidiaries | Place of incorporation and principal place of business | Proportion of ownership interests and voting rights held by non-controlling interests |      | Total comprehensive expenses attributable to non-controlling interests HK\$'000 |       | Accumulated non-controlling interests HK\$'000 |       |
|----------------------|--|---|------|---|-------|--|-------|
|                      |  | 2024  | 2023 | 2024  | 2023  | 2024   | 2023  |
| Aori                 | Malaysia   | 40%   | 40%  | (1,300)   | (13)  | (1,313)  | (13)  |
| Miss J               | Malaysia   | 49%   | –    | 139   | –     | 139  | –     |
| Sushi Qubey          | Malaysia   | 49%   | 49%  | (2,425)   | (147) | (2,572)  | (147) |
| Sushi MEW            | Malaysia   | 49%   | 49%  | (1,844)   | (464) | (2,308)  | (464) |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

### (b) Details of non-wholly owned subsidiaries those have material non-controlling interests (Continued)

#### **Summarised financial information on subsidiaries with material non-controlling interests**

Set out below are the summarised financial information for subsidiaries that have non-controlling interests.

*Summarised statement of financial position*

**At 31 December 2024**

|   | Aori<br>HK\$000 | Miss J<br>HK\$000 | Sushi Qubey<br>HK\$000 | Sushi MEW<br>HK\$000 |
|---|-----------------|-------------------|------------------------|----------------------|
| Non-current assets  | 274             | 675               | 194                    | 315                  |
| Current assets  | 89              | 1,396             | 825                    | 1,163                |
| Current liabilities   | (3,338)         | (1,781)           | (4,381)                | (5,159)              |
| Non-current liabilities   | (301)           | –                 | (1,954)                | (1,090)              |
| Equity attributable to the owners of the Company                        | (1,963)         | 151               | (2,744)                | (2,463)              |
| Non-controlling interests   | (1,313)         | 139               | (2,572)                | (2,308)              |
| Revenue and other income  | 787             | 2,678             | 4,182                  | 6,523                |
| Other expenses  | (4,037)         | (2,395)           | (9,130)                | (10,287)             |
| (Loss)/profit and total comprehensive (expense)/<br>income for the year | (3,250)         | 283               | (4,948)                | (3,764)              |
| Loss and total comprehensive expense for the year<br>attributable to:   |                 |                   |                        |                      |
| Owner of the Company  | (1,950)         | 144               | (2,523)                | (1,920)              |
| Non-controlling interests   | (1,300)         | 139               | (2,425)                | (1,844)              |
|   | (3,250)         | 283               | (4,948)                | (3,764)              |
| Net cash from operating activities                                      | 1,420           | 1,508             | 521                    | 303                  |
| Net cash used in investing activities                                   | (1,391)         | (757)             | (14)                   | (145)                |
| Net cash (used in)/from financing activities                            | –               | –                 | (260)                  | (406)                |
| Net cash inflow/(outflow)   | 29              | 751               | 247                    | (248)                |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries those have material non-controlling interests (Continued)

**Summarised financial information on subsidiaries with material non-controlling interests (Continued)**

*Summarised statement of financial position (Continued)*

At 31 December 2023

|  | Sushi Qubey<br>HK\$000 | Sushi MEW<br>HK\$000 |
|--|------------------------|----------------------|
| Non-current assets   | 5,146                  | 4,544                |
| Current assets   | 334                    | 1,364                |
| Current liabilities  | (3,642)                | (3,579)              |
| Non-current liabilities  | (2,132)                | (3,252)              |
| Equity attributable to the owners of the Company                   | (153)                  | (482)                |
| Non-controlling interests  | (147)                  | (464)                |
| Revenue  | 50                     | 2,676                |
| Other expenses   | (350)                  | (3,622)              |
| Loss and total comprehensive expense for the year                  | (300)                  | (946)                |
| Loss and total comprehensive expense for the year attributable to: |                        |                      |
| Owner of the Company   | (153)                  | (482)                |
| Non-controlling interests  | (147)                  | (464)                |
|  | (300)                  | (946)                |
| Net cash from operating activities                                 | 2,937                  | 581                  |
| Net cash used in investing activities                              | (2,749)                | (2,732)              |
| Net cash (used in)/from financing activities                       | (47)                   | 2,871                |
| Net cash inflow  | 141                    | 720                  |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 39. CONTINGENT LIABILITIES

During the year ended 31 December 2022, the Group has been served a number of litigations and claims by various parties. These claims and litigations are under Leading Win, in relation to arrears rent and salaries of the Group and has been recognised in the other payables and accrual and salaries payables. Additional interest and penalty might be incurred due to the delay in settlement of such payables and the Group has several litigations related to arrears salaries and rent. Nevertheless, the management of the Company had obtained legal advice, and considers no additional interest and penalty is required apart from the amounts stated in the other payables and accruals, salaries payables and provisions.

The Company has de-consolidated Leading Win during the year ended 31 December 2023 as disclosed in note 32.

## 40. LITIGATION

During the year ended 31 December 2022, the Group has been involved in several claims under Leading Win, in relation to arrears rent and salaries, the management and the legal advisors of the Company, is of the opinion that the cases may be discontinued or become dormant because the parties involved did not proceed with the cases further.

The Company has de-consolidated Leading Win during the year ended 31 December 2023 as disclosed in note 32.

## FINANCIAL SUMMARY

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

|  | For the<br>nine months<br>period ended<br>31 December<br>2020<br>HK\$'000 | For the<br>year ended<br>31 December<br>2021<br>HK\$'000 | For the year<br>ended<br>31 December<br>2022<br>HK\$'000 | For the year<br>ended<br>31 December<br>2023<br>HK\$'000 | For the year<br>ended<br>31 December<br>2024<br>HK\$'000 |
|--|---|--|--|--|--|
| (Loss)/Profit attributable to:                   |   |  |  |  |  |
| Owners of the Company                            | 14,275  | (3,029)  | (7,505)  | 6,009  | (9,801)  |
| Non-controlling interests                        | –   | (93)   | (1,314)  | (1,987)  | (5,575)  |
|  | As at<br>31 December<br>2020<br>HK\$'000                                  | As at<br>31 December<br>2021<br>HK\$'000                 | As at<br>31 December<br>2022<br>HK\$'000                 | As at<br>31 December<br>2023<br>HK\$'000                 | As at<br>31 December<br>2024<br>HK\$'000                 |
| <b>ASSETS AND LIABILITIES</b>                    |   |  |  |  |  |
| Total assets                                     | 12,710  | 16,707   | 10,112   | 15,472   | 6,412  |
| Total liabilities                                | (29,163)  | (23,691)   | (25,885)   | (23,741)   | (26,903)   |
|  | (16,453)  | (6,984)  | (15,773)   | (8,269)  | (20,491)   |
| Deficit attributable to<br>owners of the Company | (16,453)  | (6,984)  | (15,773)   | (8,269)  | (20,491)   |