2024 ANNUAL REPORT

LUK HING ENTERTAINMENT GROUP HOLDINGS LIMITED

陸慶娛樂集團控股有限公司

Incorporated in the Cayman Islands with limited liability | Stock Code: 8052

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LUK HING ENTERTAINMENT GROUP

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

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This report, for which the directors (the "Directors") of Luk Hing Entertainment Group Holdings Limited (the "Company") 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.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.lukhing.com.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Choi Siu Kit
Mr. Ying Kan Man (Note 1)
Mr. Patrick Ting (Note 2)

Independent Non-executive Directors

Ms. Tse Mei Ling
Mr. Lynch Stephen Joseph Chor (Note 3)
Ms. Woo Man Hung
Mr. Mak Kwok Kwan Terence (Note 4)

BOARD COMMITTEES

Audit Committee

Ms. Tse Mei Ling *(Chairman)*
Mr. Lynch Stephen Joseph Chor (Note 3)
Ms. Woo Man Hung
Mr. Mak Kwok Kwan Terence (Note 4)

Remuneration Committee

Ms. Tse Mei Ling *(Chairman)*
Mr. Lynch Stephen Joseph Chor (Note 3)
Ms. Woo Man Hung
Mr. Mak Kwok Kwan Terence (Note 4)

Nomination Committee

Mr. Lynch Stephen Joseph Chor *(Chairman)* (Note 3)
Mr. Choi Siu Kit
Ms. Woo Man Hung
Mr. Mak Kwok Kwan Terence (Note 4)

COMPANY SECRETARY

Mr. Chu Pui Ki Dickson CPA

COMPLIANCE OFFICER

Mr. Choi Siu Kit

AUTHORISED REPRESENTATIVE

Mr. Choi Siu Kit
Mr. Chu Pui Ki Dickson CPA

AUDITORS

D & PARTNERS CPA LIMITED
Certified Public Accountants
Registered Public Interest Entity Auditor
Room 2201, 22/F
West Exchange Tower
322 Des Voeux Road Central
Sheung Wan, Hong Kong

LEGAL ADVISOR

Macau Law

Leong Hon Man Law Office

Note 1: Appointed on 2 April 2024
Note 2: Resigned on 8 February 2024
Note 3: Appointed on 31 December 2024
Note 4: Resigned on 31 December 2024

CORPORATE INFORMATION

PRINCIPAL BANKERS

Bank of East Asia Limited
Shanghai Commercial Bank Limited

REGISTERED OFFICE

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8052

WEBSITE

www.lukhing.com

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

On behalf of the board of directors, I am pleased to present the performance of Luk Hing Entertainment Group Holdings Limited for the year ended 31 December 2024.

BUSINESS ENVIRONMENT AND DEVELOPMENT

The Year 2024 presented both challenges and opportunities for the Group. Hong Kong's economy showed gradual recovery, though inflationary pressures and changing consumption patterns continued to impact the F&B sector. Our two restaurants, HEXA and SIXA, maintained stable operations while adapting to market conditions. To strengthen our market position, we focused on menu innovation, cost optimization through streamlined procurement, and enhanced digital engagement through social media and food delivery platforms. Additionally, the successful return of the music festival event "Ultra Hong Kong", which contributed approximately HK$41.9 million in additional revenue to the Group.

OUTLOOK

Looking ahead to 2025, the board of directors remains cautiously optimistic while acknowledging ongoing market uncertainties. Our priorities include improving operational efficiency, exploring brand diversification opportunities, and assessing strategic investments to diversify revenue streams. We will continue to leverage our established brand equity and operational flexibility to navigate challenges while seeking growth opportunities that align with our core competencies.

APPRECIATION

On behalf of the board of directors, I extend our sincere appreciation to our shareholders, customers and business partners for their continued trust and support. Special recognition goes to our dedicated employees whose commitment has been instrumental in the Group's resilience.

Choi Siu Kit
Executive Director
Hong Kong, 20 June 2025

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 December 2024, the Group is primarily engaged in the operation of restaurants namely "HEXA" and "SIXA" in Hong Kong and successfully relaunch of the annual music festival "Ultra Hong Kong" at Central Harbourfront.

BUSINESS REVIEW

Hong Kong's catering industry showed signs of recovery in 2024, though the pace was slower than anticipated due to ongoing economic uncertainties and changing consumption patterns. While local consumption gradually improved, the post-pandemic rebound in tourism failed to fully materialize as visitor numbers remained below pre-COVID levels.

Our restaurants maintained stable operations throughout the year, adapting to the challenging market conditions through menu optimization and enhanced cost controls. However, the true highlight of 2024 was the successful revival of "Ultra Hong Kong", our signature music festival event held at Central Harbourfront. This large-scale event generated approximately HK$41.9 million in revenue, significantly contributing to the Group's overall performance.

During the period under review, the Group implemented several key initiatives to strengthen our financial position: (i) We continued to streamline operations across both restaurants, renegotiating supplier contracts and implementing energy-saving measures to offset rising costs; and (ii) Enhanced our online presence through social media campaigns and partnerships with food delivery platforms to boost customer engagement.

FINANCIAL REVIEW

Revenue

Total revenue of the Group increased by 28.8% from approximately HK$95.7 million in 2023 to approximately HK$123.3 million in 2024. The growth was mainly attributable to the successful revival of our annual music festival event, which generated an additional HK$41.9 million in revenue partially offset a HK$14.3 million decline in restaurant sales resulting from the growing trend of Hong Kong residents spending more in mainland China.

Expenses

Cost of inventories sold mainly represents for the costs of beverage, food and others products sold. It decreased by 5.2% from approximately HK$26.9 million in 2023 to approximately HK$25.5 million in 2024 . This reduction reflects the Group's successful cost control initiatives in restaurant operations, partially offsetting the beverage costs generated from the annual music festival event.

Staff costs is one of the major components of the Group's operating expenses, which mainly consists of Directors' emoluments, salaries, retirement benefit scheme contribution and other benefits. Staff costs decreased by 12.0% from approximately HK$35.7 million in 2023 to approximately HK$31.4 million in 2024. The decline was mainly due to the stringent cost control measure.

Property rentals and related expenses increased by 50.5% from approximately HK$7.4 million in 2023 to approximately HK$11.1 million in 2024. This significant rise was primarily attributable to rental costs incurred for hosting the annual music festival event.

Advertising and marketing expenses increased by 2,525.1% from approximately HK$350,000 in 2023 to approximately HK$9.2 million in 2024. This significant rise was primarily attributable to marketing promotion costs incurred for hosting the annual music festival event.

Other operating expenses represent expenses incurred for the operations. These include mainly cleaning and laundry, utilities, credit card commission, repair and maintenance and legal and professional fee. Other operating expenses increased by 71.7% from approximately HK$23.3 million in 2023 to approximately HK$40.1 million in 2024. This significant rise was primarily attributable to the other operating expenses approximately HK$24.9 million incurred for hosting the annual music festival event, partially offset by the management fee generated by SIXA due to engaging an experienced catering company to operate the restaurants.

Depreciation and amortization slightly decreased by 1.9% from approximately HK$13.3 million in 2023 to approximately HK$13.0 million in 2024.

(Loss)/Profit Attributable to Owners of the Company

Loss attributable to owners of the Company was approximately HK$9.4 million in 2024 compared to a net profit attributable to owners of the Company was approximately HK$14.9 million in 2023. The significant decrease was primarily due to the gain on disposal of a subsidiary approximately HK$25.2 million generated by the CUBIC SPACE+ disposed in 2023.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Below is a summary of the key financial ratio:

	Notes	As at 31 December 2024	As at 31 December 2023
Current ratio	1	**0.2**	0.2
Quick ratio	2	**0.2**	0.2
Debt ratio	3	**227.3%**	196.0%
Gearing ratio	4	**N/A**	N/A

Notes:

1. Current ratio is calculated by dividing total current assets by total current liabilities as at the respective period end.
2. Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the respective period end.
3. Debt ratio is calculated by dividing total liabilities by total assets as at the respective period end.
4. Gearing ratio is calculated by dividing total borrowings by total equity attributable to owners of the Group as at the respective period end.

The Group had cash and cash equivalents of HK$4.0 million as at 31 December 2024 (31 December 2023: HK$0.8 million).

As at 31 December 2024, The Group had external borrowing of HK$8.8 million (31 December 2023: HK$17.4 million). A series of plans and measures have been taken to mitigate liquidity pressure and to improve the financial position of the Group, for details please refer to Note 2.2.

CHARGES ON ASSETS

As at 31 December 2024, the Group did not have any charges on its assets.

FOREIGN EXCHANGE EXPOSURE

The Group's principal operations are primarily conducted and recorded in Hong Kong dollar ("HK$"), Renminbi ("RMB"). The financial statements of foreign operations are translated into HK$ which is the Company's functional and presentation currency. During the year under review, a significant portion of revenues are denominated in Hong Kong dollar.

TREASURY POLICIES

The management will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CONTINGENT LIABILITIES

Save as disclosed in Note 37 to the consolidated financial statements of the Group, the Group did not have any contingent liabilities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save for those disclosed in this annual report, there were no other significant investments held by the Group as at 31 December 2024, nor were there other material acquisitions and disposal of subsidiaries and affiliated companies by the Group during the year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

DIVIDEND

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

DISCLOSEABLE TRANSACTION IN RELATION TO RENEWAL OF LEASE AGREEMENT

On 8 May 2024, Betula Profit Holdings Limited (the "Lessee"), a company which was incorporated in Hong Kong with limited liability and is an indirect non-wholly owned subsidiary of the Company and Newfoundworld Site 11 Holdings Limited ("NS11") entered into the supplemental letter (the "Supplemental Letter") for renewal of the lease in respect of the premises (the "Swire Premises") located at Unit 601, 6/F, Citygate, 18-20 Tat Tung Road, Tung Chung, Lantau, Hong Kong for a term commencing from 16 April 2024 to 15 April 2025 (both days inclusive).

The aggregate amount payable under the Supplemental Letter is approximately HK$3.5 million subject to additional turnover rent representing the amount by which 12% of the monthly gross sales turnover exceeds the monthly basic rent of each calendar month in accordance with the lease (the "Swire Lease") of Swire Premises pursuant to the terms and conditions of the Supplemental Letter. The amount payable by the Lessee are expected to be financed by the internal resources of the Group.

The rent is determined after arm's length negotiations between Lessee and NS11 after taking into consideration the prevailing market price of comparable premises in the vicinity of the Swire Premises.

As one or more of the applicable percentage ratio(s) exceed 5% but are all less than 25%, the entering into the Supplemental Letter constitutes a discloseable transaction of the Company and is therefore subject to the requirements of notification and announcement but exempted from the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

For details, please refer to the announcement of the Company dated 6 November 2024.

MAJOR TRANSACTION IN RELATION TO RENEWAL OF LEASE AGREEMENT

On 24 June 2024, the Lessee and Harbour City Estates Limited ("HCE") entered into the harbour city lease agreement (the "Harbour City Lease Agreement") for renewal of the lease in respect of the premise located at Shop OTE 101, Ground Floor, Ocean Terminal, Harbour City, Canton Road, Tsim Sha Tsui (the "Harbour City Premises") for a term commencing from 26 June 2024 to 25 June 2026 (both days inclusive). HCE is the duly authorised agent of Wharf Realty Limited which is the landlord under the Harbour City Lease Agreement.

The aggregate amount payable under the Harbour City Lease Agreement is approximately HK$15.9 million subject to additional turnover rent representing the amount by which 12% of the monthly gross sales turnover exceeds the monthly basic rent of each calendar month in accordance with the lease (the "Harbour City Lease") of Harbour City Premises pursuant to the terms and conditions of the Harbour City Lease Agreement. The amount payable by the Lessee are expected to be financed by the internal resources of the Group.

The rent is determined after arm's length negotiations between Lessee and HCE after taking into consideration the prevailing market price of comparable premises in the vicinity of the Harbour City Premises.

As one or more of the applicable percentage ratio(s) exceed 25%, but all of the applicable percentage ratios are less than 75%, the entering into the Harbour City Lease Agreement constitutes a major transaction of the Company, which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this report, the extraordinary general meeting to approve the Harbour City Lease Agreement has not yet been convened.

For details, please refer to the announcement of the Company dated 6 November 2024.

REMEDIAL ACTIONS

The Company regrets that it did not duly comply with the notification, announcement and shareholders' approval requirements under Rule 19.34, 19.38 and 19.40 of the GEM Listing Rules by omitting to issue an announcement and circular for shareholders' approval at the relevant time of entering into the Harbour City Lease Agreement and the Supplemental Letter. The Company did not announce the details of the Harbour City Lease Agreement and the Supplemental Letter in a timely manner pursuant to the GEM Listing Rules due to inadvertent oversight of the implementation of HKFRS 16 in relation to lease. The accounting manager of the Group responsible for the renewal was not aware that pursuant to HKFRS 16, entering into the Harbour City Lease Agreement and the Supplemental Letter will require the Group to recognize the premises as a right-of-use asset and such will regarded as an acquisition of asset by the Group. Furthermore, since the Harbour City Lease Agreement and the Supplemental Letter did not involve any acquisition of assets in substance, the accounting manager of the Group did not realize that a size test should be conducted before the execution of the Harbour City Lease Agreement and the Supplemental Letter.

It is always the intention of the Company to fully comply with the GEM Listing Rules. The Directors, having been fully informed of all the facts of the Harbour City Lease and the Swire Lease, consider that the failure to comply with Chapter 19 of the GEM Listing Rules in respect of the Harbour City Lease and the Swire Lease was inadvertent and can be avoided going forward. The Group has taken the incident seriously and shall implement the following remedial measures to strengthen the Group's internal control and to prevent re-occurrence of similar incidents:

1. the Company will provide the Board members, the senior management, and responsible staff of the Group with appropriate training to enhance their knowledge of the GEM Listing Rules, particularly regarding notifiable and connected transactions under Chapters 19 and 20 of the GEM Listing Rules and refine their ability to identity potential issues at an early stage.

2. the company secretary of the Company, who is also a member of the Hong Kong Institute of Certified Public Accountants, would conduct a training with the accounting manager and the finance team, to highlight potential accounting matters that may have implications on the GEM Listing Rules, including but not limited to the effect of HKFRS 16 and size tests under notifiable and connected transactions, in order to enhance the staff's awareness on compliance of GEM Listing Rules.

3. to prevent similar incidents, the management of the Company is committed to strengthening internal control over the procedures for all transactions under Chapters 19 and 20 of the GEM Listing Rules. The Company will also conduct an annual review of existing reporting procedures regarding the monitoring of notifiable and connected transactions. External professionals will be consulted during the review process, if necessary.

4. the Company will strengthen the coordination and reporting arrangements for notifiable transactions among various departments of the Company to ensure due compliance with the GEM Listing Rules. Prior to entering into any transaction which is not in the ordinary and usual course of business of the Group in the future where the disclosure threshold is met, the company secretary of the Company will be notified and the draft agreements will be circulated for review to assess the relevant implications under the GEM Listing Rules and to ensure compliance with the relevant requirements under the GEM Listing Rules.

5. a letter will be issued to all the Directors, senior management and finance team of the Company and subsidiaries of the Group to remind them of the strict compliance with the internal control procedures and in particular, to consult the financial controller, company secretary or the legal advisor (where appropriate) of the Company prior to entering into any transactions which may constitute notifiable transaction or connected transaction or any other transaction that may be subject to any reporting, announcement or shareholders' approval requirements under the GEM Listing Rules or other applicable laws or regulations.

ADDITIONAL INFORMATION ON AUDITORS' DISCLAIMER OF OPINION AND THE COMPANY'S VIEW AND MEASURES TO ADDRESS THE DISCLAIMER OF OPINION

The Board wishes to draw the attention of the shareholders of the Company (the "Shareholders") to the section headed "Basis for Disclaimer of Opinion" as contained in the Independent Auditor's Report dated 20 June 2025 issued by the Company's auditors, D & PARTNERS CPA LIMITED (the "Auditor"), contained in pages 74 and 75 of this report.

In respect of the basis for disclaimer of opinion as disclosed in the independent auditor's report for the year ended 31 December 2024 relating to the appropriateness of the assumption regarding the Company's ability to continue as a going concern, the Group has prepared a forecast covering a period of 15 months from the end of the reporting period taking into account of a number of measures undertaking to improve its liquidity and financial position including but not limited to:

(i) the management will continue to negotiate with banks for renewing banking facilities. Based on the latest communications with the banks, the directors of the Company are not aware of any intention of the banks to withdraw their bank facilities or require early repayment of the loans, and the directors believe that the existing bank facilities will be renewed when their current terms expire given the good track records and relationships the Group has with the banks;

(ii) the management will consider other financing arrangements and fund-raising alternatives with a view to increasing the Group's capitalisation/equity and to support the continuing growth of the Company; and

(iii) the directors of the Company will continue to implement stronger measures aiming at improving the working capital and cash flows of the Group, including closely monitoring incurrence of other operating expenses.

Taking into account the successful and continued implementation of such measures, the Directors are of the opinion that the Group will have sufficient working capital and hence it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Assuming all the plans and measures in the forecast can be successfully implemented as scheduled and there are no other material adverse changes to the business operation and financial conditions of the Group, the Company's auditor will consider to remove the Disclaimer in next year's audit report.

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF OPINION

The audit committee of the Company (the "Audit Committee") had critically reviewed the basis for disclaimer of opinion (the "Disclaimer") of the Auditor. The Audit Committee had also discussed with the Auditor regarding the financial position of the Group, the measures taken and to be taken by the Company, and considered the Auditor's rationale and understood their consideration in arriving the disclaimer of opinion. The Audit Committee is in agreement with the management with respect to the Disclaimer and the Group's ability to continue as a going concern, and in particular the actions or measures to be implemented by the Group. The Audit Committee's views are based on (i) a critical review of the action plan to address the Disclaimer; and (ii) discussions between the Audit Committee, the auditors and the management regarding the Disclaimer and the proposed measures and action plan together with the timeline stated therein to address the Disclaimer. The Audit Committee requested the management to take all necessary actions to address the effect on the basis for disclaimer of opinion to procure no such disclaimer of opinion to be made in the next financial year.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Director

Mr. Choi Siu Kit（蔡紹傑）（"Mr. John Choi"), aged 47, was appointed as our Director on 30 November 2015. He was re-designated as our executive Director on 2 March 2016. He was also appointed as the compliance officer of our Company on 2 March 2016 and is currently the authorized representative of the Company. Mr. John Choi is primarily responsible for overall strategic planning and supervising marketing and entertainment aspects of our Group. He has joined our Group as our managing director since May 2010. He has been responsible for overseeing daily operation, developing business strategies, building client relationships and business reputation, liaising with suppliers and relevant government departments and implementing the overall business strategies. He has also been a director of certain subsidiaries of the Group.

Mr. John Choi has over 20 years of experience in the restaurant and bar and clubbing industry in Hong Kong and Macau. Since January 2001, he has invested in and was responsible for the management and operation of various bars and restaurants, such as (i) Shelter Lounge in Causeway Bay, Hong Kong (from January 2001 to December 2015), (ii) Census Lounge in Causeway Bay, Hong Kong (from October 2005 to December 2015), (iii) House Lounge in Causeway Bay, Hong Kong (from July 2006 to December 2015), (iv) Habitat Japanese Restaurant in Wanchai, Hong Kong (from December 2008 to April 2015), and (v) Shelter Italian Bar & Restaurant in Causeway Bay, Hong Kong (from May 2013 to June 2019), and he was also involved in the management of Old Cubic, acting as a managing director from its opening in December 2008 until May 2010.

Mr. John Choi received a bachelor degree in engineering from Queen Mary and Westfield College, University of London, United Kingdom in July 2001. He is the younger brother of Mr. Simon Choi, one of the substantial Shareholders and an indirect shareholder of our Company, and a director and a shareholder of Welmen and Yui Tak.

Mr. Ying Kan Man（應勤民）（"Mr. Ying"), aged 50, was appointed as an executive Director on 2 April 2024. He 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 has been appointed as executive director of Top Standard Corporation, a company listed on GEM of the Stock Exchange (Stock Code: 8510) since 12 September 2020. 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 (now known as Global Token Limited, stock code: 8192) from 30 August 2008 to 12 January 2010, the shares of which were delisted on 20 April 2021.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Ms. Tse Mei Ling（謝美玲）, aged 45, was appointed as an independent non-executive Director, the chairman of the Audit Committee and Remuneration Committee on 13 January 2023. Ms. Tse is a fellow member of Association of Chartered Certified Accountants with 20 years of experience in accounting and financial management. Ms. Tse is currently a financial controller of the NEFIN Group. She served as financial controller of Energy International Investments Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 353) between 2016 and 2018. Ms. Tse has also served as financial controller of the Company between 2012 and 2015.

Ms. Tse also has 8 years of professional experience at two of the top-tier international accounting firms. She obtained a Bachelor of Arts Degree (Hons) major in Accounting at The Hong Kong Polytechnic University.

Mr. Lynch Stephen Joseph Chor（左提芬）, aged 44, was appointed as an independent non-executive Director, the chairman of Nomination Committee and member of each of the Audit Committee and Remuneration Committee on 31 December 2024. He has extensive experience in business management and customer development. He is an independent non-executive director of Top Standard Corporation (stock code: 8510), a company listed on the GEM of the Stock Exchange, since September 2024. 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.

Ms. Woo Man Hung（吳文鴻）, aged 53, was appointed as an independent non-executive Director, the member of each of the Nomination Committee, the Audit Committee and the Remuneration Committee on 4 September 2023. She obtained a Bachelor of Arts (Hons) degree from the City University of Hong Kong in 1999. She has been a fellow member of the Association of Chartered Certified Accountants since October 2003 and a member of the Hong Kong Institute of Certified Public Accountants (Practising) since January 2003. Ms. Woo has accumulated extensive work and management experience in accounting and auditing from her own practice and international accounting firms in the past 25 years.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group has recognized the importance of transparency and accountability, and the Board believes that shareholders can benefit from good corporate governance. Therefore, the Group strives to achieve sound corporate governance standards in order to maintain the trust and confidence of customers, suppliers and employees, as well as other stakeholders. We believe that this can create long term value for the shareholders of the Company and is beneficial for the Group's sustainable growth.

The Company has adopted and complied with the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as previously set out in Appendix C1 to the GEM Listing Rules for the year ended 31 December 2024.

BOARD OF DIRECTORS

The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the CG Code and align with the latest developments.

The leadership, control and supervision of the Company is vested in the Board, which is primarily responsible for formulating the business strategy, reviewing and monitoring the business performance, approving the consolidated financial statements and directing and supervising the management of the Group. The Board delegates to the senior management the powers and responsibilities to conduct the Group's day-to-day management and operations and to organise the implementation of the resolutions of the Board. The Board has been regularly provided management with updated report to give a balanced and understandable assessment of the performance, position, recent development and prospect of the Group. Where necessary, all Directors can have access to all relevant information and obtain the advice and services of the Company Secretary. The Directors may, where appropriate, seek independent professional advice to ensure compliance with the procedures of the Board and all applicable rules and regulations, at the Company's expense. The Company has arranged appropriate insurance cover in respect of its legal action against its Directors.

The Board is also responsible for the corporate governance functions under paragraph A.2 of the CG Code and will review and monitor the corporate governance principles and practices to ensure compliance. The chairman of the Board takes primary responsibility for ensuring that good corporate governance practices and procedures are established.

The Board currently comprises 5 Directors, including 2 executive Directors and 3 independent non-executive Directors, and the Director's details during the year and up to the date of this annual report are as set out below:

Executive Directors

Mr. Choi Siu Kit
Mr. Ying Kan Man (Note 1)
Mr. Patrick Ting (Note 2)

Independent Non-executive Directors

Ms. Tse Mei Ling
Mr. Lynch Stephen Joseph Chor (Note 3)
Ms. Woo Man Hung
Mr. Mak Kwok Kwan Terence (Note 4)

Note 1: Appointed on 2 April 2024
Note 2: Resigned on 8 February 2024
Note 3: Appointed on 31 December 2024
Note 4: Resigned on 31 December 2024

An updated list of Directors identifying their roles and functions has been published on the websites of the Company and the Stock Exchange. The profiles of the Directors, including relationship between Board members, are set out in the section "Profiles of Directors and Senior Management" of this annual report.

Mr. Ying Kan Man and Mr. Lynch Stephen Joseph Chor have obtained the legal advice on 2 May 2024 and 31 December 2024 respectively referred to in Rule 5.02D of the GEM Listing Rules and has confirmed that they understood they obligations as a director of the Company.

All of the executive Directors have respectively signed service contract with the Company. Mr. Choi has signed the service contract for a term of three years commencing from the Listing Date. Mr. Ying has signed the service contract for a term of one year commencing from 2 April 2024. They shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other party prior notice in writing.

All independent non-executive Directors have respectively entered into an appointment letter with the Company. Ms. Tse has signed an appointment letter with the Company for an initial term of one year commencing from 13 January 2023. Ms. Woo has signed an appointment letter with the Company for an initial term of one year commencing from 4 September 2023. Mr. Lynch entered into an appointment letter with the Company for an initial term of two years commencing from 31 December 2024. The letter of appointment of each respective independent non-executive Directors shall continue hereafter unless and until it is terminated by the Company or the Director giving to the other party prior notice in writing.

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed 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.

BOARD DIVERSITY POLICY

The Board has adopted the Board diversity policy since 10 November 2016 and reviewed its Board composition on a yearly basis. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board. The Company commits to selecting the best person for the role. Selection of candidates will be based on a range of diverse perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The nomination committee reviews and monitors the implementation of the Board diversity policy periodically and the Board diversity policy has been published on the website of the Company up to the date of this annual report.

As at 31 December 2024, three of the Board members are independent non-executive Directors and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise, in accordance with Rule 5.05(1)(2) and 5.05A of the GEM Listing Rules. None of the independent non-executive Directors has served the Company for more than 9 years. The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent. All independent non-executive Directors are identified as such in all corporate communications of the Company containing the names of the Directors.

All the Directors are subject to retirement by rotation and eligible for re-election in accordance with the Company's articles and association. At each annual general meeting, not less than one-third of the Directors then in office shall retire and every Director is subject to retirement by rotation at least once every three years. Directors who are appointed to fill casual vacancies shall hold office only until the next following annual general meeting after their appointment, and are subject to re-election by shareholders of the Company.

Gender diversity

Board composition

The Board believes that gender diversity is a manifestation of board diversity, among all other measurable objectives. The Board currently comprises of 5 Directors, two of which are 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 diversity policy on an annual basis to ensure its continued effectiveness.

The Group recognises the importance of diversity and has a diverse workforce in terms of gender, providing a variety of ideas and levels of competency that contribute to the Group's success. In the hiring process, the Company takes into account a number of measurable factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional specialisation, experience, skills, knowledge and other qualifications. Appointment of candidates is solely based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Group. As of 31 December 2024, the gender ratio of the Group's workforce is approximately 1.5 male : 1 female and the Group is in the view that the existing gender ratio is satisfactory to our operations.

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.

TRAINING, INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors are continuously updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities by the Company. Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

Each of the Directors, namely Mr. Choi Siu Kit, Mr. Ying Kan Man, Ms. Tse Mei Ling, Mr. Lynch Stephen Joseph Chor and Ms. Woo Man Hung had attended seminars and/or trainings that are relevant to the Directors' professional knowledge and skills and in performing their duties and responsibilities as Directors. Each Director keeps abreast of his/her responsibility as a Director and of the conduct, business activities and development of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors of the Company on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the "Model Code"). Having made specific enquiries in writing to the Directors, each of the Directors confirmed that he/she had complied with the Model Code in connection with the Company's securities for the year ended 31 December 2024. The Company has also established written guidelines on no less exacting terms than the Model Code regarding securities transactions by relevant employees (including the employees and Directors of the subsidiaries or holding company) who are likely to possess inside information of the Company and/or its securities.

BOARD MEETINGS

The Board meets regularly throughout the year to discuss the overall strategy as well as the operation and financial performance of the Group. For the year ended 31 December 2024, the Company has held four Board meetings in total. The attendance record of each Director at Board meetings, audit committee meetings, remuneration committee meeting, nomination committee meeting and general meeting during the year ended 31 December 2024 is set out in the following table:

Name of Directors	Board Meetings (attendance/ total no. of meeting held)	Audit Committee Meetings (attendance/ total no. of meeting held)	Remuneration Committee Meetings (attendance/ total no. of meeting held)	Nomination Committee Meeting (attendance/ total no. of meeting held)	General Meeting (attendance/ total no. of meeting held)
Executive Directors					
Mr. Choi Siu Kit	4/4	NA	NA	2/2	1/1
Mr. Ying Kan Man (Note 1)	1/2	NA	NA	NA	1/1
Mr. Patrick Ting (Note 2)	0/1	NA	NA	NA	NA
Independent non-executive Directors					
Ms. Tse Mei Ling	4/4	2/2	2/2	NA	1/1
Mr. Lynch Stephen Joseph Chor (Note 3)	NA	NA	NA	NA	NA
Ms. Woo Man Hung	4/4	2/2	2/2	2/2	1/1
Mr. Mak Kwok Kwan Terence (Note 4)	2/4	1/2	0/2	0/2	1/1

Note 1: Appointed on 2 April 2024

Note 2: Resigned on 8 February 2024

Note 3: Appointed on 31 December 2024

Note 4: Resigned on 31 December 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.

BOARD COMMITTEES

As an important part of sound corporate governance practices and for supervision of the overall affairs of the Company in various areas, the Board has established three Board committees, namely, the audit committee, the remuneration committee and the nomination committee. All Board committees have respective specific terms of reference clearly defining their powers and responsibilities, which are posted on the websites of the Company and the Stock Exchange. All the Board committees should report to the Board on their decisions or recommendations made, and where appropriate, can seek independent professional advice to perform their duties at the Company's expense.

Nomination Committee

The Company established a nomination committee with written terms of reference in compliance with paragraph B.3.1 of the CG Code. As of the date of this Report, the nomination committee is chaired by our independent non-executive Director, Mr. Lynch Stephen Joseph Chor, and consists of one independent non-executive Director, Ms. Woo Man Hung and one executive Director, Mr. Choi Siu Kit. The primary functions of the nomination committee include but not limited to: (i) making recommendations to the Board on matters relating to appointment of Directors; (ii) assessing the independence of independent non-executive Directors; and (iii) reviewing the structure, size and composition of the Board, and monitoring the implementation of the abovementioned Board diversity policy regularly. Up to the date of this annual report, the nomination policy (the "Nomination Policy") has been adopted by the nomination committee in assistance to the Board in making recommendations to the Board on the appointment of Directors of the Company and succession planning for Directors. The Nomination Policy provides the key selection criteria and principles of the nomination committee in making any such recommendations.

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the nomination committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

(a) reputation for integrity;

(b) accomplishment, experience and reputation in the business and other relevant sectors relate to the Company and/or its subsidiaries;

(c) commitment in respect of sufficient time and attention to the Company's business;

(d) diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience;

(e) the ability to assist and support management and make significant contributions to the Company's success;

(f) compliance with the criteria of independence as prescribed under Rule 5.09 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the appointment of an independent non-executive Director; and

(g) any other relevant factors as may be determined by the nomination committee or the Board from time to time.

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 Company's Articles of Association and other applicable rules and regulations.

The secretary of the nomination committee shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the nomination committee. The nomination committee may also nominate candidates for its consideration. In the context of appointment of any proposed candidate to the Board, the nomination committee shall undertake adequate due diligence in respect of such individual and make recommendations for the Board's consideration and approval. In the context of re-appointment of any existing member(s) of the Board, the nomination committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting. Please refer to the "Procedures for Shareholders to Convene General Meetings", which is available on the Company's website, for procedures for shareholders' nomination of any proposed candidate for election as a director. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

Any subsequent amendment of the Nomination Policy shall be reviewed by the nomination committee and approved by the Board.

Two meetings were held during the year ended 31 December 2024. All members attended the meetings. The members of the nomination committee reviewed the composition of the Board, the appointment, the retirement and re-election of Directors and made recommendation to the Board.

Remuneration Committee

The Company established a remuneration committee with written terms of reference in compliance with paragraph E.1.2 of the CG Code. As of the date of this Report, the remuneration committee is chaired by our independent non-executive Director, Ms. Tse Mei Ling, and consists of two independent non-executive Directors, Mr. Lynch Stephen Joseph Chor and Ms. Woo Man Hung. The primary functions of the remuneration committee include but not limited to: (i) making recommendations to our Directors on the policy and structure for remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of all Directors and senior management; (iii) to review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules and (iv) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. No Director shall be involved in deciding his or her own remuneration.

Two meeting were held during the year ended 31 December 2024. All members attended the meetings. They made recommendation to the Board regarding the Company's remuneration policy, the remuneration package of all directors (excluding his own remunerations) of the Company and the grant of Company's share options. No Director was involved in deciding his or her own remuneration during the year under review. In addition, the Remuneration Committee has reviewed the share option scheme.

Audit Committee

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and paragraph D.3.3 and D.3.7 of the CG Code. As of the date of this report, the audit committee is chaired by our independent non-executive Director, Ms. Tse Mei Ling, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules and consists of another two independent non-executive Directors Mr. Lynch Stephen Joseph Chor and Ms. Woo Man Hung. The primary functions of the audit committee include but not limited to: (i) assisting the Board in providing an independent view of the effectiveness of the Group's financial reporting process, internal control and risk management systems; (ii) overseeing the audit process; and (iii) performing other duties and responsibilities as assigned by the Board.

Two meetings were held by the Audit Committee during the year ended 31 December 2024. Please refer to the attendance sheet table under Board Meeting for the individual attendance of each member. The Group's quarterly reports, interim report and annual report had all been reviewed by the audit committee and recommendation was provided to the Board for approval.

Summary of the work performed by the Audit Committee during year ended 31 December 2024

- reviewed the audited consolidated financial statements, annual results announcement and the annual report for year ended 31 December 2023;
- reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2024;
- reviewed the financial reporting system, the risk management and internal control systems, and the effectiveness of the internal audit function;
- assessed the audit work of the auditor and its audit fee; and
- discussed with the auditor of the Company the audit matters before the commencement of the audit work.

RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENT AND REMUNERATION OF AUDITORS

The Directors acknowledge their responsibility for the preparation of the Group's consolidated financial statements, which are prepared on a going concern basis. Such responsibility of the Directors, and the responsibilities of the auditors in respect of the consolidated financial statements are set out in the report of the auditors of this annual report.

The Directors were aware that as of 31 December 2024, the Group's current liabilities exceeded its current assets and its total liabilities exceeded its total assets by approximately HK$44,372,000 and HK$32,530,000 respectively. As at that date, the Group's aggregate bank loans and lease liabilities amounted to approximately HK$8,798,000 and HK$12,776,000 respectively as of 31 December 2024. On the other hand, the Group's cash and cash equivalents amounted to only approximately HK$3,972,000. Subsequent to 31 December 2024, as disclosed in note 39 to the consolidated financial statements, one of restaurants has been ceased its operation due to expiration of lease term.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Notwithstanding the above conditions, the financial statements were prepared based on the assumption that the Group can be operated as a going concern.

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024 and recommended approval to the Board.

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by D & PARTNERS CPA LIMITED ("D & PARTNERS") whose term of office will expire upon the forthcoming annual general meeting of the Company. The audit committee has recommended the Board the reappointment of D & PARTNERS as the auditors of the Company at the forthcoming annual general meeting.

A breakdown of the remuneration (including disbursement) paid/payable to the external auditors (including its affiliates) of the Company in respect of audit and non-audit services provided to the Company during the year is set out below:

Items	Fees (HK$'000)
Audit services and disbursements	746
Total	746

COMPANY SECRETARY

Mr. Chu Pui Ki Dickson ("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.

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. Mr. Chu has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 December 2024 and in compliance with Rules 5.15 of the GEM Listing Rules.

COMPLIANCE OFFICER

Mr. Choi Siu Kit is the compliance officer of the Company. Please refer to the section headed "Profile of Directors and Senior Management" in this annual report for Mr. John Choi's biography.

DIVIDEND POLICY

The Company has adopted a policy concerning the payments of dividend. The Company gives priority to distributing dividend in cash and shares its profits with its shareholders. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

– the Articles of Association of the Company;

– the applicable restrictions and requirements under the laws of the Cayman Islands;

– any banking or other funding covenants by which the Company is bound from time to time;

– the investment and operating requirements of the Company; and

– any other factors that have material impact on the Company.

The Board may consider distributing special dividend to all shareholders, and the amount of which shall be determined and approved by the Board at its absolute discretion.

Under the Cayman Islands Companies Act and the Articles of Association of the Company, all of our shareholders have equal entitlement to dividends and distributions. The Board shall have the right to review the dividend policy from time to time as it deems fit according to the financial and business development requirements of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing their effectiveness at least annually through the Audit Committee. The Audit Committee assists the Board in fulfilling its oversight and corporate governance roles in the Group's financial, operational, compliance, risk management and internal control, and the resourcing of the finance and internal audit functions.

The Board is ultimately responsible for the risk management of the Group and has full authority to maintain the soundness and effectiveness of the internal control system and risk management procedures of the Group to ensure efficient and effective use of the Group's resources to assist the Group in achieving its operation objectives, safeguarding the Group's assets against any unauthorized use or disposal, ensuring an appropriate maintenance of accounting records and the availability of reliable financial information and ensuring compliance of the operating activities with laws and regulations. The control system is to be reasonably safeguards, if not absolute assurances, against material misstatement or loss, and is designed to manage, rather than eliminate the risk of failing to achieve objective. In meeting its responsibility, the Board has put in place policies and procedures which provide a framework for the identification and management of risks. During the year, the Group has complied with Principle D.2 of the Corporate Governance Code by establishing appropriate and effective risk management and internal control systems.

A risk management team consists of, among others, our executive Director and management who in general have experiences in club or restaurant management over ten years, was formed at operational level. The risk management team oversees the implementation and monitoring of our internal control, which includes but not limited to (i) quarterly risk identification and analysis exercise which involves assessment of the consequence and likelihood of risks and the development of risk management plans for mitigating such risks; and (ii) quarterly review of the implementation of the risk management plans and fine tune when necessary. The management also pays particular attention to potential risk exposure in conducting its monthly and quarterly operation analysis and takes corresponding countermeasures and issues pre-warnings against certain material risks. The Company endeavours to integrate its internal control and risk management with its day-to-day operations, and proactively adopts Information Technology ("IT") to assimilate the internal control and risk management processes into the IT system.

Internal Control System

The Company has in place an internal control system which enables the Company to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the internal control system are shown as follow:

- Control Environment: a set of standards, processes and structures that provide the basis for carrying out internal control across the Group;
- Risk Assessment: a dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed;
- Control Activities: action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out;

- Information and Communication: internal and external communication to provide the Group with the information needed to carry out day-to-day controls; and

- Monitoring: ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

During the year, the audit committee appointed external professional adviser to conduct an internal control review on the effectiveness of the Group's internal control systems. The external professional adviser is assigned with the task to perform reviews on operational, financial and compliance aspects and will alert the management on the review findings or irregularities, if any, advise on the implementation of necessary steps and actions to enhance the internal control systems of the Group. The risk management team had implemented rectifications and remediated internal weakness identified. The result of internal control review and agreed action plans are reported to the Audit Committee and the Board.

The executive Director closely monitored the Group's business and corporate developments and events so that potential inside information would be identified promptly. The Company regulates the handling and dissemination of inside information by restricting access to inside information to a limited number of employees and parties on a need-to-know basis. Employees who are in possession of inside information are conversant with their obligations to preserve confidentiality. External parties, such as financial printer, are required to sign confidentiality agreement or non-disclosure agreement. Inside information remains confidential until the disclosure of such information is appropriately approved and the dissemination of such information is efficiently and consistently made. Inside information shall be disseminated via the electronic publication system operated by the Stock Exchange before the information is released via other channels, such as the press or posting on the Company's website.

Save as disclosed above, during year ended 31 December 2024, the Board has conducted a review of the effectiveness of the risk management and internal control system of the Group pursuant to D.2.1 of the CG Code and considers them effective and adequate. With a view of further enhancing the Group's internal control system on an ongoing basis, the Group will continue to engage external professional advisers to conduct review and consider to establish a formal in-house internal audit department where necessary from time to time, taking into account the development of the business and the scale and complexity of our operation in future.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders, including the holding of forthcoming general meetings and corporate communications published on the Stock Exchange and information disclosed in the Company's website at www.lukhing.com.

Constitutional Documents

The second amended and restated memorandum and articles of association of the Company ("M&A") were adopted on 30 June 2023 to comply with the relevant provisions of the GEM Listing Rules. A copy of the M&A is posted on the respective websites of the Stock Exchange and the Company.

There was no further change in the M&A during the year ended 31 December 2024.

Shareholders' Rights

There are no provisions governing shareholders' rights to put forward proposals or move resolutions at a general meeting under the M&A or the laws of the Cayman Islands. Shareholders who wish to put forward proposals or move a resolution may however, convene an extraordinary general meeting (the "EGM") to be called by the Board by following the procedures below.

Procedures for Shareholders to convene an EGM (including making proposals/moving a resolution at the EGM) to be called by the Board:

- Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including putting forward proposals or moving a resolution at the EGM.

- Eligible Shareholder(s) who wish to require an EGM to be called by the Board for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Unit 3C, 3/F, Yue Xiu Industrial Building, 87 Hung To Road, Kwun Tong, Kowloon, Hong Kong, for the attention of the Company Secretary.

- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda of the EGM including the details of the business(es) proposed to be transacted at the EGM, signed by the Eligible Shareholder(s) concerned.

- The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not convene an EGM and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM.

- If within 21 days of the deposit of the Requisition, the Board has not advised the Eligible Shareholder(s) of any outcome to the contrary and fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the M&A, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

When necessary, Shareholders can send their enquiries and concerns to the Board by addressing them to the Group's principal place of business in Hong Kong at Unit 3C, 3/F, Yue Xiu Industrial Building, 87 Hung To Road, Kwun Tong, Kowloon, Hong Kong, by post or by fax to (852) 3758 9098, for the attention of the Company Secretary.

Shareholders are also encouraged to participate in general meetings. Board members, in particular, either the chairmen of Board committees or their delegates, appropriate management and external auditors will attend annual general meetings to answer Shareholders' questions.

Shareholders' Communication Policy

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. The Company has established several channels to communicate with the shareholders as follows:

- corporate communications such as annual reports, interim reports, quarterly reports and circulars are issued in printed form and are available on the website of the Stock Exchange and on the website of the Company at www.lukhing.com;

- periodic announcements are published on the websites of the Stock Exchange and the Company;

- corporate information is made available on the Company's website; and

- annual and extraordinary general meetings, if any, provide a forum for the shareholders to make comments and exchange views with the Directors and senior management.

The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective for the year ended 31 December 2024.

CONCLUSION

Going forward, the Company will continue to review its corporate governance practices on a timely basis to maintain its high level of transparency. The Company will also try to enhance its competitiveness and operating efficiency in order to generate greater returns for its stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

Luk Hing Entertainment Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred as the "**Group**" or "**we**" or "**us**") is pleased to present our annual Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**" or "**this Report**") for the year ended 31 December 2024 (the "**Year**" or the "**Reporting Period**" or "**2024**"). The ESG Report provides an overview of the Group's performance of significant issues affecting the operation, including ESG matters.

Both the English and Chinese versions of this ESG Report are available on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). If there is any conflict or inconsistency, the English version shall prevail. The corporate governance section can be found in the Group's Annual Report for the year ended 31 December 2024 on pages 15 to 28 therein.

I. OVERVIEW

(I) Purpose

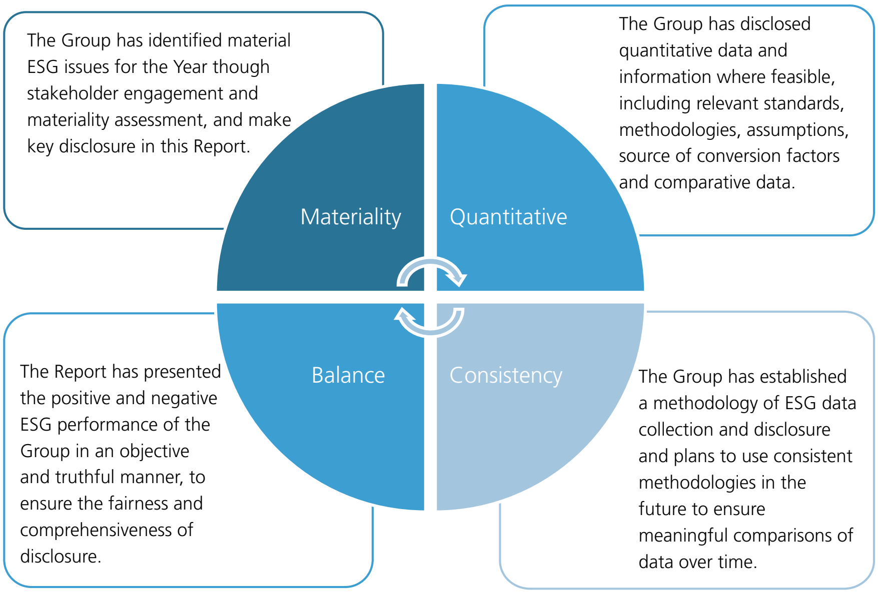
In accordance with the requirements of Hong Kong Exchanges and Clearing Limited ("**HKEx**"), listed companies are required to provide an ESG Report. The purpose of the ESG Report is to disclose an overall review to shareholders of the management measures and performance of the Group during the Reporting Period in terms of ESG. The ESG Report outlines the Group's vision, policies and measures including KPIs, and reports its performance regarding environmental and social issues for internal assessment and management control, and for communication to the internal and external stakeholders.

(II) Scope of Report and Basis of Preparation

This Report summarizes the performance contributed by the Group in respect of corporate environmental and social responsibility, covering its principal activities in the operation of two restaurants under the brand name "HEXA" and "SIXA" and an administrative office in Hong Kong. Compared to the reporting scope of the ESG report for the year ended 31 December 2023, this Report includes a newly relocated administrative office from the previous office in June 2024. As the operations and activities of the aforementioned segment accounts for the most significant part of the Group's revenue and its impacts on stakeholders, it is covered in the Reporting Period as the core business of the Group in our scope of reporting by the Group, as we consider that as material unless otherwise specified. Revenue from the aforementioned segment in Hong Kong accounted for approximately 100% of the total revenue of the Group during the Reporting Period. The Group will continue to optimize and improve the general disclosure and disclosure of KPIs and assess the impacts of its business on the major ESG aspects and to include the results of such assessments in the ESG Report.

The ESG Report is prepared mainly with reference to the "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**", which has been renamed as the "Environment, Social and Governance Reporting Code" since 1 January 2025) as set out in Appendix C2 to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("**GEM Listing Rules**"), covering the ESG related information of the Group. The Group has complied with the mandatory disclosure requirements and the "comply or explain" provisions set out in the ESG Reporting Guide. The content of this report includes two main subject areas as outlined and required by the ESG Reporting Guide, being Area A – ENVIRONMENTAL and Area B – SOCIAL and includes disclosure of climate change related issues which have or may impact the Group.

The ESG Report, which was reviewed and approved by the board of the directors (the "**Board**"), reviews and reports the core business operations and activities of the Group and follows the principles of materiality, quantitative, balance and consistency to disclose relevant statistics and information.



(III) Reporting Period

The ESG Report is for the period from 1 January 2024 to 31 December 2024.

(IV) Corporate Goals and Visions

The Group's vision is to be a leading operator of restaurant establishments in the Greater China region. We are committed to undertaking this business with a reasonable return on investments to our shareholders, whilst being a socially and environmentally responsible company and providing a safe, healthy and pleasant working environment to our employees.

(V) ESG Governance

Our ESG strategies, management policy and approach are based on compliance with relevant legal and regulatory requirements, the principle of sustainability and opinions from our key stakeholders. The Group's visions and goals, and the ESG management policy and approach can be summarized in the following statements.

1. We strive to operate our business with the objectives to lessen the impact on the environment; provide a safe and pleasant working environment for our employees and customers; comply with legal and regulatory requirements; adhere to high ethical standards, and contribute back to the communities in which we operate.

2. The Board determines and approves the ESG strategies, policies and guidelines, and is ultimately responsible for ESG reporting. The Board identifies and manages ESG risks in order to achieve its business objectives and ensure its stable development. Through exercising oversight on the Group's management and active and conductive communication with management personnels and employees who are involved in the day-to-day operation of the Group's business, the Board is able to identify material ESG risks in the aspects of emissions, consumption of resources, impact on natural resources and climate change, as well as other social aspects pertaining to our Group.

3. The Chief Executive Officer ("**CEO**") has the overall responsibilities to implement the Board's approved targets, strategic direction and policies on the Group's ESG activities. In managing the priorities, we take into account of the opinions and views of its stakeholders. The Group has assigned the board members and senior management to constantly review and to communicate with its stakeholders, including but not limited to its employees, clients, investors, suppliers and business partners, to gain insights on ESG material aspects in the Reporting Period. If any significant ESG risks or non-compliance issues are identified in day-to-day operations, the management reports them directly to the Board. The Board discusses and reviews ESG issues reported by the management at the meetings at least annually.

4. The Group identified the following material aspects and managed them strictly in accordance with the Group's policies and guidelines and in compliance with the relevant legal and regulatory standards:

   - Employment and labour standard;
   - Employee development and growth;
   - Environmental pollution and emission, and impact on the environment and natural resources during our operation and events;
   - Working conditions and environment on employees' health and safety; and
   - Quality of products and services.

5. Together with the Board and the CEO, the relevant departments are responsible for exploring and developing KPIs and targets where appropriate and necessary in accordance with the Group's policies and goals. The Board also reviews progress made towards improving the Group's ESG performance by keeping track of the ESG KPIs on a regular basis, in the environmental and social aspects, which are vital and closely related to the daily operation of the Group.

6. The material Environmental and Social areas, aspects and related KPIs chosen since our first ESG report in 2016, have continued to be monitored and managed with the keen attention of management, which in our opinion, further identifies and clarifies relevant issues for stakeholders.

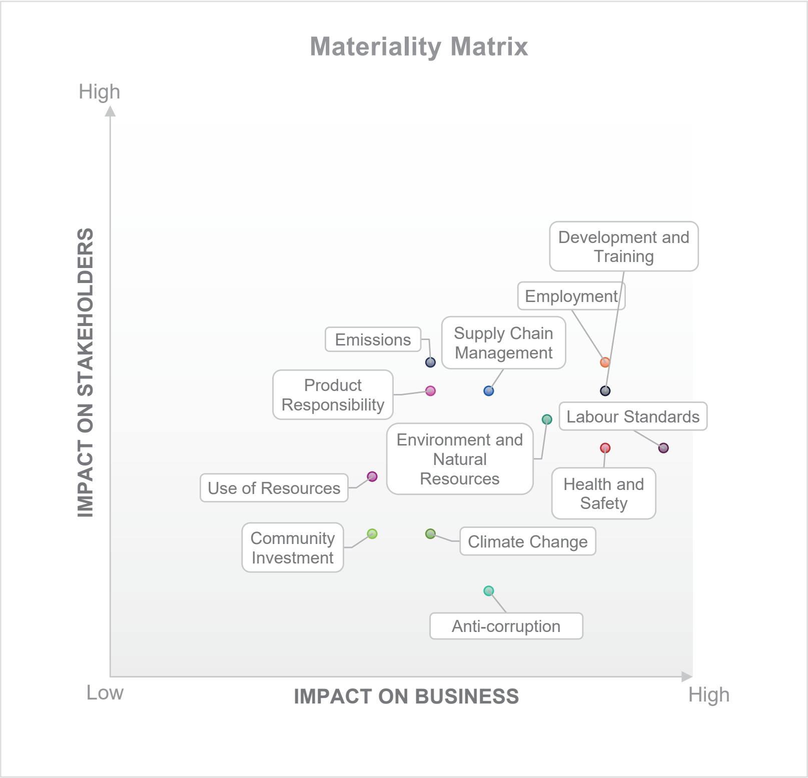
II. STAKEHOLDERS COMMUNICATION AND MATERIALITY

The Group strives to conduct its business in a transparent, equitable, legal and socially responsible manner, and continues to care about the impact of its daily operation on the environment, customers and community, making an effort to safeguard the interests of all stakeholders and strike a balance between environmental, social and economic development.

Over the years, we have continued to maintain close communication with internal and external stakeholders such as government/regulatory bodies, shareholders, suppliers, employees, customers and the community public through a wide range of channels such as regular meetings, activities, reports, websites, etc., to understand their opinions. The Group continues to assign a board member and duty managers to maintain ongoing communication with its stakeholders under the following established channels in order to gain insights on ESG material aspects during the Reporting Period.

Stakeholder	ESG Expectations	Our ESG Engagement
Shareholders/Investors	• Profit returns • Business development • Corporate image • Corporate governance • Non-financial risk relating to ESG	• Group announcement on HKEx • Annual general meeting
Customers	• Quality of products and services • Legal compliance	• Customer surveys • Company's websites • Corporate reporting and announcements
Employees	• Safe, healthy and meaningful working environment and career opportunities • Employment law compliance	• Internal employee policies • Regular staff meetings • Suggestion box
Suppliers	• Fair and responsible treatment as business partner • Open engagement with corporate procedures in place • Quality control • Legal compliance	• Regular supplier engagement • Review and evaluation • Supplier feedback questionnaire
Community	• Sustainable and environmentally friendly business practices • Community contributions • Legal compliance	• ESG reporting • Press releases/announcements
Government/Regulators	• Compliance with laws and regulations • Payment of taxes	• Information disclosure • Tax returns • Communication with regulatory authorities

After collecting the stakeholders' views and opinions, the CEO will conduct materiality assessments internally with the related managers and externally with related stakeholders through various means. With reference to the ESG Reporting Guide, the importance of environmental, social and governance issues to the Group's business and various stakeholders has been identified by the Group, the Group will make targeted disclosures in this Report and prioritise relevant issues during its operational decision-making and strategic planning. Results of the materiality assessment are listed as below:



A. ENVIRONMENTAL AREAS AND ASPECTS

1.1 Overview

The Group understands the importance of environmental protection, strictly controls emission generation, waste discharges and the usage of resources in adherence to the relevant laws and regulations, for instance, the Air Pollution Control Ordinance of Hong Kong (Chapter 311 of the Laws of Hong Kong) and the Waste Disposal Ordinance of Hong Kong (Chapter 354 of the Laws of Hong Kong), etc.

As a responsible corporation, the Group abides by all the local environmental laws and regulations and is committed to environmental protection and pollution prevention. The Group has implemented company-wide policies and taken measures which aim to ensure our operations and activities strike a balance between maximising returns to our shareholders, reducing our effect on the environment and being sustainable and resources usage efficient.

Given the nature of our business, with the exception of some air pollutant and greenhouse gas ("**GHG**") emissions generated from the gas and electricity consumed in the course of our restaurant operations, our activities do not generate material emissions and hazardous wastes.

Purpose

To establish and maintain policies and procedures to identify, evaluate and determine the significance of environmental aspects and impacts on the Company, and ensuring compliance with all relevant national and local environmental laws and regulations.

Procedure

(i) The CEO working with relevant operational management teams shall identify and evaluate the environmental aspects of all operational activities that are most likely to give rise to any significant environmental impact.

(ii) The CEO will review the environmental aspects with the relevant operational management team at least once a year. They shall also update regularly based on new knowledge obtained from daily operations and incidents (if any), new laws and regulations and organisational work activities and processes.

(iii) When identifying the environmental aspects, considerations of sustainability on environment include but are not limited to the following:

- Climate change and GHG emissions;
- Air pollutant emissions;
- Noise and light emissions;
- Water discharge;
- Waste disposal;
- Sustainability and the efficient use of raw materials, energy, water and other natural resources;
- Other local environmental issues; and
- National and local laws and regulations.

1.2 Environmental Areas Overview

The Group advocates the importance of sustainable development in relation to our ongoing business operations and activities. We have employed various measures to ensure full compliance with all relevant rules and regulations regarding emissions and effluent water and solid waste discharge and to ensure minimal impact to the environment. All of our employees are made aware of their respective roles and responsibilities in conserving energy and natural resources and reducing pollution and improving sustainability.

During the Reporting Period, same as the previous 6 years, the Group was not subject to any breach of environmental legislation in relation to emissions and waste discharge or other environmental issues that could have an adverse impact on the local environment.

A1: Emissions and Wastes

(i) Air Pollutant Emissions and GHG Emissions

The operations and activities of the Group generated minimal air pollutant emissions and the GHG emissions, primarily attributable to the gas consumption for cooking in restaurants and electricity consumption across operations of the Group.

We are formulating a climate change strategy that will continue to improve our energy saving practices including strictly controlling electricity and gas consumption and avoiding unnecessary resource wastage in our restaurant operations and their cooking facilities, and by investing in new equipment and processes which improve energy efficiency and thus reduce indirect and direct GHG emissions. To promote cost saving and to reduce our impact on global warming, management goals were set to reduce GHG emissions intensity and the air pollutant emissions intensity by 3% by the end of 2028, using 2023 as the baseline year.

The table below recorded air pollutant emissions and GHG emissions generated by the Group from the usage of gaseous fuel and electricity during the Reporting Period and the corresponding period in 2023.

Air pollutant emissions [1]			
Types of emissions	**Unit**	**2024**	2023
Nitrogen oxides ("NO_x")	kg	**15.549**	15.015
Sulphur oxides ("SO_x")	kg	**0.078**	0.075
Particulate matter ("**PM**")	kg	**–**	–
Total air pollutant emissions	kg	**15.627**	15.090
Total air pollutant emissions intensity	kg/employee	**0.116**	0.173

GHG emissions [1,2]			
Scope	**Unit**	**2024**	2023
Scope 1: Direct GHG emissions	tonnes of CO_2-e	**206.75**	199.65
Scope 2: Indirect GHG emissions	tonnes of CO_2-e	**249.21**	264.73
GHG emissions in total	tonnes of CO_2-e	**455.96**	464.38
Total GHG intensity	tonnes of CO_2-e/ employee	**3.38**	5.34

Notes:

1. The calculation of the GHG emission and air pollutant emission are mainly referenced from the Appendix 2: Reporting Guidance on Environmental KPIs in "How to prepare an ESG Report" issued by HKEX.

2. Scope 3: Other indirect emissions are not disclosed as the Group is in the progress of allocating resources for data collection.

As shown above, NO_x and SO_x generated directly from gaseous used for the operation of restaurants, remained at a similar level to that of the corresponding period in 2023. Given no motor vehicle, emission generated from vehicle fuel consumption such as PM was Nill (2023: Nill) for the Reporting Period. In terms of intensity, the air pollutant emissions generated per staff are 0.116 (2023: 0.173) kg during the Reporting Period, the 32.95% decrease compared to 2023 was mainly due to the hiring of more staff to remain competitive in the market, which expanded the intensity calculation base.

During the Reporting Period, the Group's operations generated a total of 455.96 (2023: 464.38) tonnes of GHG emissions, which comprised 249.21 (2023: 264.73) tonnes generated indirectly from purchased electricity and gas, and 206.75 (2023: 199.65) tonnes generated directly from restaurants cooking-gas used. Scope 1 GHG emissions during the Reporting Period remained similar level to that of the corresponding period in 2023. The decrease in Scope 2 GHG emissions is driven by decreased electricity consumption, stemming from the relocation of the Hong Kong administrative office in June 2024 to a shared workspace lacking independent meter for the data collection of electricity consumption, combined with energy-saving measures in restaurant operations during the Reporting Period. In terms of intensity, the GHG emissions generated per staff are 3.38 (2023: 5.34) tonnes during the Reporting Period, the 36.70% decrease compared to 2023 was mainly due to the hiring of more staff to remain competitive in the market, which expanded the intensity calculation base. Additionally, no fuel was consumed during the Reporting Period as the Group does not own any motor vehicles, thus the air pollutant emissions generated by the Group are solely from the consumption of cooking gas in the restaurants.

As at the end of the Reporting Period, the achievement status of targets set in 2023 is as follow:

Environmental KPI	Target	2024 vs. 2023 (the baseline year)	Status
Air pollutant emissions	Reduce intensity of air pollutant emissions by 3% by 2028, using 2023 as the baseline year	**Reduced intensity of air pollutant emissions by 32.95%** Increased total air pollutant emissions by 3.56%	In progress
GHG emissions	Reduce intensity of GHG emissions by 3% by 2028, using 2023 as the baseline year	**Reduced intensity of GHG emissions by 36.70%** Reduced total GHG emissions by 1.81%	In progress

(ii) Hazardous and Non-Hazardous Wastes

The major hazardous wastes were light bulbs, printer toner cartridges, batteries and obsolete computer and small machines during the Reporting Period. All these hazardous wastes were collected by qualified collectors for further handling.

For non-hazardous wastes, due to the nature of our business, certain sewage and garbage, mainly non-hazardous emissions from solid wastes are produced in our restaurants. A major non-hazardous waste of our restaurant division is cooking oil. We have implemented grease traps to prevent the seepage of oil into the waste water system and we are reducing our environmental footprint further by providing our used cooking oil for recycling.

We proactively separate our waste where possible into recyclable and non-recyclable materials. While in our offices, only daily living waste from staff and recyclable waste (including paper, cards, packaging materials for goods sold and purchased) from daily operation, and the amount was not substantial. All of them are non-hazardous and were collected and discharged separately.

The Group is in the process of establishing a data collection system of both the hazardous and non-hazardous wastes. Looking ahead, we will conduct internal discussions on the formulation of the corresponding quantitative reduction targets by considering various factors such as industry performance and past, current and future environmental performances.

During the Reporting Period, in continuance with our record in the previous 6 years, the Group had not received any complaints or warning notices from relevant government authorities regarding our wastes discharge and disposal.

Mitigation Measures and Reduction Initiatives

Given the nature of our business activities, the Group did produce hazardous and non-hazardous emissions. However, as a responsible corporation, we are conscious of the effects our operations may have on the environment at all times and constantly strive to maximise energy efficiency and minimise waste. We fully comply with the environmental requirements pursuant to the laws in Hong Kong, including but not limited to Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong), Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong) and Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong). Furthermore, we have integrated eco-friendly measures to reduce the environmental impact of our daily operations. We encourage economic and efficient use of resources, while enhancing our recycling efforts to prevent the waste of resources.

Electricity is the principal energy consumed in the daily operations of the Group. The Group regularly monitors the electricity consumption of the restaurants and the office in Hong Kong. To enhance energy efficiency, the Group has installed LED lights with higher energy efficiency in the restaurants and head office to replace traditional fluorescent tubes, and encourages employees to minimise the use of lights and to raise employees' awareness of energy conservation. We have taken the following special measures to reduce the emission of GHG and hazardous air pollutants, discharges into water and land, and generation of hazardous and non-hazardous waste, as well as to save energy in our daily operations:

- Encourage the establishment of a waste-classification system and the practice of recycling used papers and double-sided printing in the workplace;

- Reduce unnecessary business trips and promote the use of information technology such as video conference;

- Encourage our staff to take public transportation and minimize the use of private vehicles and taxi;
- Adjust the temperature of our offices appropriately and switch office equipment to energy–saving mode, such as the automatically power down of printers and computers after a period of inactivity, to economize the use of electricity;
- Utilize temperate and lighting controls and efficient energy bulbs where possible in the restaurant establishments so as to reduce energy inefficiencies;
- Utilize grease traps to prevent cooking oil seeping into the waste water system;
- Utilize more energy efficient cooking equipment and processes where possible;
- Utilize recycled packaging and products in our restaurant operations; and
- Encourage water-saving habits of our staff.

In keeping with our record in previous years, the Group did not have any violation related to hazardous or non-hazardous air emissions and wastes discharges, fines or warning notices from the relevant environmental agencies in Hong Kong during the Reporting Period. Not only do we target, but are determined to, take all required measures to continue to achieve and improve on our results in coming years, but also are committed to doing our part to combat global warming and reduce the generation of GHG emissions and pollutants.

A2: Use of Resources

The Group mainly uses electricity, fresh water, paper for napkins and takeaway packaging and printing, for our activities in the office and restaurants. We also use gas and cooking oil in our restaurant activities.

Although the Group’s activities and operations do not generate significant environmental hazards, we are committed to act environmentally responsibly and aim at minimizing the impact on the environment and doing our part to help combat climate change. We promote smart usage to reduce consumption of electricity and gas, fresh water, and paper through the introduction of various measures as previously disclosed.

(i) Electricity & Fuel Consumption

Electricity is supplied to our operations in Hong Kong from the local electricity grid. We are dedicated to reducing energy consumption, driven by both cost efficiency considerations and our commitment to properly tackling climate change and reducing GHG emissions. The Group regularly monitors its electricity consumption across all parts of its operations of the restaurants and of the head office. During the Reporting Period, the Group consumed an aggregate of 518.22 (2023: 541.38) kWh in '000s of purchased electricity, representing an decrease of 23.16 kWh in '000s or 4.28% compared to the corresponding period in 2023, primarily due to the relocation of the Hong Kong administrative office in June 2024 to a shared workspace without independent meter for the data collection, combined with energy-saving measures in restaurant operations. In terms of intensity, the electricity consumption is 3.84 (2023: 6.22) kWh in '000s per staff, which decreased significantly compared to 2023, mainly due to the hiring of more staff to remain competitive in the market, which expanded the intensity calculation base and the relocation of the Hong Kong administrative office in June 2024 to a shared workspace without independent meter for the data collection of electricity consumption, combined with energy-saving measures in restaurant operations.

Gas is supplied to our restaurant operations from the local gas networks in Hong Kong. During the Reporting Period, we consumed a total of 80,986 (2023: 78,205) cubic metres of gas used for the restaurant operations, remaining at a similar level to that of the corresponding period in 2023. The Group's gas usage intensity during the Reporting Period is 600 (2023: 899) cubic metres per staff, which has decreased by approximately 33.26% compared to 2023. The decrease of the gas usage intensity is mainly due to hiring of more staff to remain competitive in the market, which expanded the intensity calculation base.

We had set management goals of reducing gas usage intensity, electricity consumption intensity and overall energy consumption intensity by 3% by the end of 2028, using 2023 as the baseline year. The Group is committed to enhancing energy efficiency management across all operations, including implementing measures to optimize gas consumption through energy-efficient processes and advanced equipment in restaurant operations.

Energy consumption by the Group during the Reporting Period and the corresponding period in 2023 are set out as below:

Category	Energy Consumption[1] Unit	2024	2023
Direct energy consumption			
– Gas	kWh in '000s	**1,079.81**	1,042.73
Indirect energy consumption			
– Electricity	kWh in '000s	**518.22**	541.38
Total energy consumption	kWh in '000s	**1,598.03**	1,584.11
Energy intensity	kWh in '000s/ employee	**11.84**	18.21

Note:

1. The calculation of the energy consumption is referenced from the Appendix 2: Reporting Guidance on Environmental KPIs in "How to prepare an ESG Report" issued by HKEX.

As at the end of the Reporting Period, the achievement status of targets set in 2023 are as follow:

Environmental KPIs	Targets	2024 vs. 2023 (the baseline year)	Status
Electricity consumption	Reduce intensity of electricity consumption by 3% by 2028, using 2023 as the baseline year	**Reduced intensity of electricity consumption by 38.31%** Reduced total electricity consumption by 4.28%	In progress
Gas usage	Reduce intensity of gas usage by 3% by 2028, using 2023 as the baseline year	**Reduced intensity of gas consumption by 33.26%** Increased total gas consumption by 3.56%	In progress
Energy consumption	Reduce intensity of overall energy consumption by 3% by 2028, using 2023 as the baseline year	**Reduced intensity of energy consumption by 34.99%** Increased total energy consumption by 0.88%	In progress

The Group recognises that investing in energy efficiency initiatives helps us to minimise our environmental impact while also reducing operational costs. To optimize energy consumption, we have installed energy saving LED lights and control metres. We have also promulgated rules and encouraged staff and workers to use resources efficiently and environmentally friendly including:

- Lights and equipment must be turned off if not in use;
- Maintaining work environments at pre-determined and energy efficient temperatures;
- Installing more energy efficient cooking burners in our restaurants; and
- Encouraging the use of natural ventilation instead of air-conditioning whenever the conditions allow.

(ii) Fresh Water Consumption and Sourcing

Water is supplied from the city central water systems in Hong Kong. The Group did not encounter any problems in sourcing water that is fit for purpose during the Reporting Period. At all times, we request the staff and workers to use fresh water smartly and be responsible and we monitor water usage patterns constantly via the use of smart metres. We will continue to monitor this KPI closely and we had set management goals to reduce water consumption intensity by 3% by the end of 2028, using 2023 as the baseline year.

During the Reporting Period, the Group consumed 31,433.59 (2023: 28,367.00) cubic metres, which has increased its water consumption of 3,066.59 cubic metres or approximately 10.81% compared to 2023, mainly due to expanded hygiene and sanitation measures, including enhanced facility cleaning and stricter handwashing protocols for employees. The intensity of water consumption during the Reporting Period is 232.84 (2023: 326.06) cubic metres per staff, the reduction of approximately 28.59% was mainly due to the significant increase in number of staff as the intensity calculation base.

As at the end of the Reporting Period, the achievement status of target set in 2023 is as follow:

Environmental KPIs	Targets	2024 vs. 2023 (the baseline year)	Status
Water consumption	Reduce intensity of water consumption by 3% by 2028, using 2023 as the baseline year	**Reduced intensity of water consumption by 28.59%** Increased total water consumption by 10.81%	In progress

(iii) Paper and Packaging Materials Consumption

Given its business nature, the Group does not use significant paper and packaging materials. Paper is used only for printing and writing purposes in the offices. The Group has adopted various continuing measures to reduce paper usage at source including using papers from sustainable sources, encouraging recycling of paper, replacing paper records by electronic records, and reducing the use of paper by writing on whiteboards during presentations and meetings. The Group is in the process of establishing data collection system of paper and packaging materials consumption. Looking ahead, we will conduct internal discussions on the formulation of the corresponding quantitative reduction targets by considering various factors such as industry performance and past, current and future environmental performances.

A3: Environment and Natural Resources

The Group's activities and operation do not utilise many natural resources nor generate many environmental hazards. Fresh water, electricity, cooking gas and paper-based packaging materials were the only key elements which were considered to have an impact on the environment and with the restaurant operations. We are even more acutely aware of this and have instigated strong operational procedures to ensure this. We strive to minimise our impact on the air, water and land, and have complied with all the environmental laws and regulations of the regions where we operate.

As a responsible corporation, the Group is committed to conserving resources in order to reduce its impact on the environment as well as saving operation costs. We continue to actively promote energy efficiency, conservation and environmental awareness to our employees and stakeholders. As set out in our environmental policies, staff must pay attention to the use of air conditioning and electricity, and implement practices such as turning off lights, air conditioning and computers when not in use. We encourage regular maintenance and prolonged use of our computers, printers, fax machines, photocopiers, POS machines and other common office and retail equipment to reduce the frequency of replacement. The Group has also implemented green purchasing practices and best practice technologies to conserve natural resources where applicable. We will continue to cooperate with the local government agencies and support environmental organizations. Overall, same as in the previous 6 years, we did not receive any complaints from the public or government or regulatory bodies and target to continue to explore new ways to conserve resources and contribute to sustainability and reduce climate change.

A4: Climate Change

The Group is aware that there are significant and well-known risks associated with climate change and global warning and understands that stakeholders expect us to be managing and mitigating climate change risks in line with local and global commitments and recommendations. Climate change has caused frequent extreme weather, and has an impact on the business operations of the Group. Therefore, the Group has formulated working mechanisms to identify, prevent and mitigate climate change issues that may have a significant impact. The Group's management and operating departments identify material risks related to climate change via self-assessment questionnaires annually. Regarding the material risks identified, the Group organizes and develops prevention and control measures. At the same time, we would adjust the use of resources and energy. In response to disasters and accidents which are easily induced by extreme weather, we always enhance the capability to the disaster response.

In order to reduce carbon emissions in business operations and jointly cope with climate change, the Group actively advocates the green policy of sustainable development and strives to save energy, water, paper and other resources within its capacity. We proactively raised our staff's environmental awareness and implemented relevant measures in energy saving and reducing emission in daily operation so as to establish a low-carbon office.

Thus, climate change risks are considered by the Board to be an emerging material risk and oversight is given to the senior management who is developing an overarching climate change strategy to reduce GHG emissions and assist with the movement to a lower carbon economy with policies and procedures to manage such potential risks including:

- Measuring and monitoring GHG emissions;
- Consideration of potential disruption to our operations due to extreme weather events and changing weather patterns;
- Consideration of changing customer behaviours and requirements as demand moves towards more carbon neutral and organic based food and beverages;

- Changes in cost and availability of raw materials (organic produce) and utilities such as renewable electricity, water and gas and relevant costs of securing and maintaining sufficient supply;

- Changes to government policy, law and regulation (including pricing carbon, renewable electricity pricing, sustainable waste including food scrap disposal etc.), which could result in increased operational costs and potential for litigation; and

- Failure to meet expectations of stakeholders.

Climate change is mainly caused by the release of CO_2 into the atmosphere, which is directly and indirectly the result of the use of fossil fuels for electricity generation and fuels for gas cooking and transportation. As the world transitions to a lower-carbon sustainable economy there are inevitable areas that the Group can contribute to this. After discussions with our stakeholders we have identified some immediate areas that we can tackle to both combat climate change and reduce potential costs in the future.

Physical Acute Risk

The Group has identified extreme weather such as typhoons, heavy rain, thunder and lightning and flooding that can cause physical acute risk. The potential consequences include damage to documents, equipment and even employees' health and life. The above potential consequences will cause economic losses to and increase operating costs of the Group.

The Group has established different measures as below, to prevent and minimize the negative effect of extreme weather.

Extreme weather	*Physical Acute Risk* Preventative and mitigation measures
Typhoons	– Close doors and windows with advance notice – Move materials and equipment to safety areas in advance, or covered with a tarp – Reinforce equipment and components that may be blown away
Heavy rain and flooding	– Clean up trash and make sure drains unblocked – Reinforce equipment and assets which may be damaged or blew away.
Thunder and lightning	– Keep good conditions of earthing devices – Remind employees to save data and turn off computers

Physical Chronic Risk

The Group has identified extreme weather such as extremely hot weather which can cause physical chronic risk. The potential consequences include a higher chance of getting heatstroke for employees, increasing turnover rate and work-related injuries. The demand for cooling for the working environment will be increased, which may lead to an increase in power demand and operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effects of extreme weather.

Physical Chronic Risk	
Extreme weather	**Preventative and mitigation measures**
Extremely hot weather	– Keep a First-aid kit in a convenient location – Keep cold water available 24 hours a day – Keep air conditioner on during business hours

Transitional Risk

The Group has identified related matters such as the tightened laws and regulations imposed by the government which can cause transitional risk. The potential consequences include a higher chance of breach of relevant laws and regulations.

The Group has established different measures as below to prevent and minimize the negative effects of transitional risk.

Transitional Risk	
Climate-related risks description	**Preventative and mitigation measures**
Policy and legal risk Exposure to litigation risk. We have to adapt the tightened law and regulations imposed by the local government due to climate change, as well as bear the risk of potential litigation once we fail to obligate the new regulations.	– Monitor the updates of environmental laws and regulations permitted by the local authorities in advance – Continue monitoring of the ESG reporting standards of the Hong Kong Listing Rules
Market risk More customers are concerned about climate-related risks and opportunities, which may lead to changes in customer preference.	– Fulfil the climate-related regulations by the government – Prioritize the climate change as a high concern in the market decisions to show to the clients that the company is concerned about the problem and challenges of climate change
Technology risk In order to reduce the carbon footprint, the costs associated with the transition to low-emission technologies may increase.	– Upgrade technology and implement new low-carbon, energy-saving technologies and facilities to enhance energy efficiency (e.g., retrofitting kitchens with low-carbon equipment and installing energy-saving cookers)
Reputation risk Stakeholders demand that the Company strengthen its measure in addressing climate change; failure to effectively respond to such demands may impact the Company's reputation.	– Publicly disclose GHG emissions data and efforts in the low-carbon operation of the Company in ESG report, actively maintaining the corporate image

B. SOCIAL AREAS AND ASPECTS

1.1 Overview

The Group is committed to conducting business in an honest, accountable and ethical way and strives to build mutually beneficial relationships with our stakeholders, including our employees, customers, suppliers, communities, as well as the public and governing authorities. On formulation of ESG strategies and policies, we incorporate our long term corporate development goals with considerations on the stakeholders and society with a belief that we can make a difference to the world at large and the communities in which we operate.

1.2 Employment and Labour Practices Aspects

B1: Employment

The Group recognizes its success and depends highly on the skills, passion and commitment of its employees. We consider that our employees and their intrinsic talent are important resources and assets and we ensure employment and labour practices are implemented according to relevant labour laws including the Employment Ordinance (Chapter 57 of Laws of Hong Kong). We are committed to an inclusive culture, providing equal employment opportunities for all without discrimination in hiring, promotion, dismissal, remuneration, benefits, training and development and treating all people with dignity and respect.

The Human Resources Department is responsible for the employment and the relevant policies, which are clearly laid out in our Employee Handbook, including but not limited to, appointment, termination, working hours, rest days, statutory holidays, remunerations, various compensations, dismissals, health, general safety and other benefits and welfares.

Our recruitment and selection process are based on merit, in respect of essential and desirable criteria of the job nature and in line with the policy of equal opportunity. We specify the requirements of the vacancies and will advertise as well as headhunt through employment agencies. The selection process will be standard, and positions will be decided after background checks, tests and interviews by our human resources manager as well as the related departmental head. The hiring of senior managers will be decided by the CEO.

We strike to hire talented employees in the market by providing more training and internal promotion opportunities. Meanwhile, we believe our recruitment policy allows us to attract, motivate and retain employees who are crucial to the operations and the development of the Group.

(i) Employment Mix

As at the end of the Reporting Period, the Group employed a total of 135 (2023:87) employees, among which 52 (2023:70) full-time staffs and 83 (2023:17) part-time staffs. Further analysis of the Group's employment situations for the Reporting Period and the corresponding period in 2023 are summarised below:

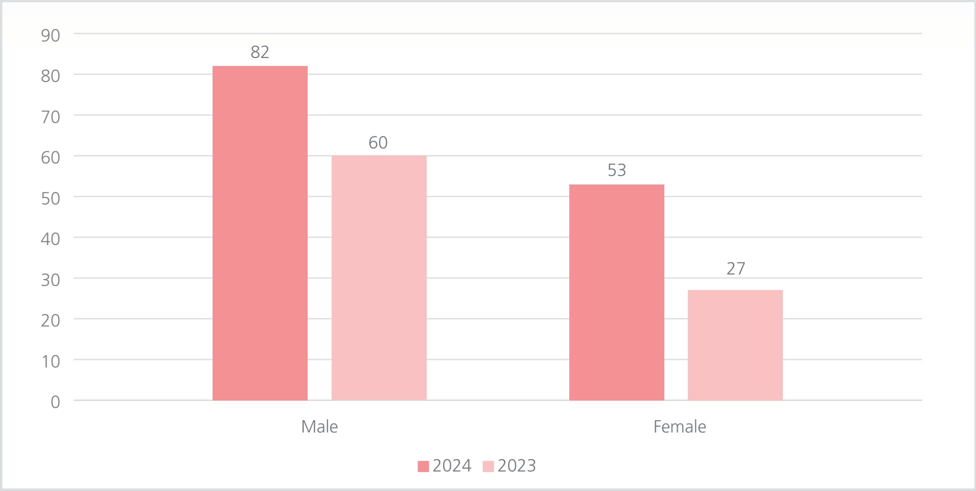


Figure 1: Number of Employee by Gender

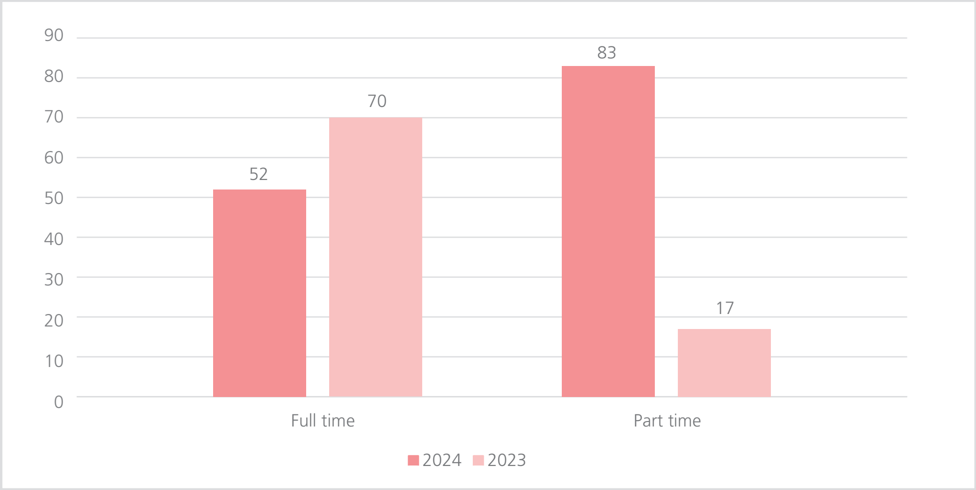


Figure 2: Number of Employee by Employment Type

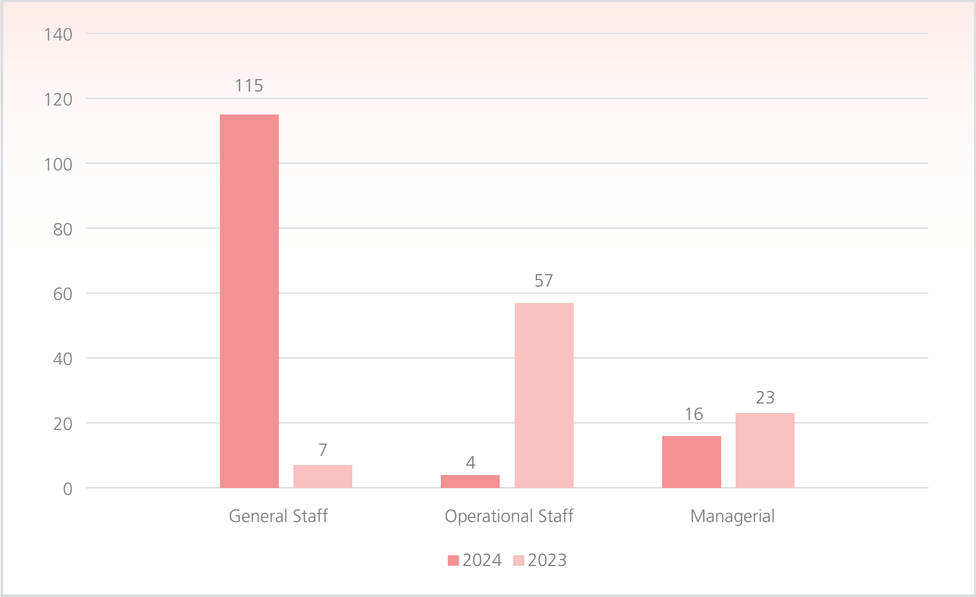


Figure 3: Number of Employee by Employee Category

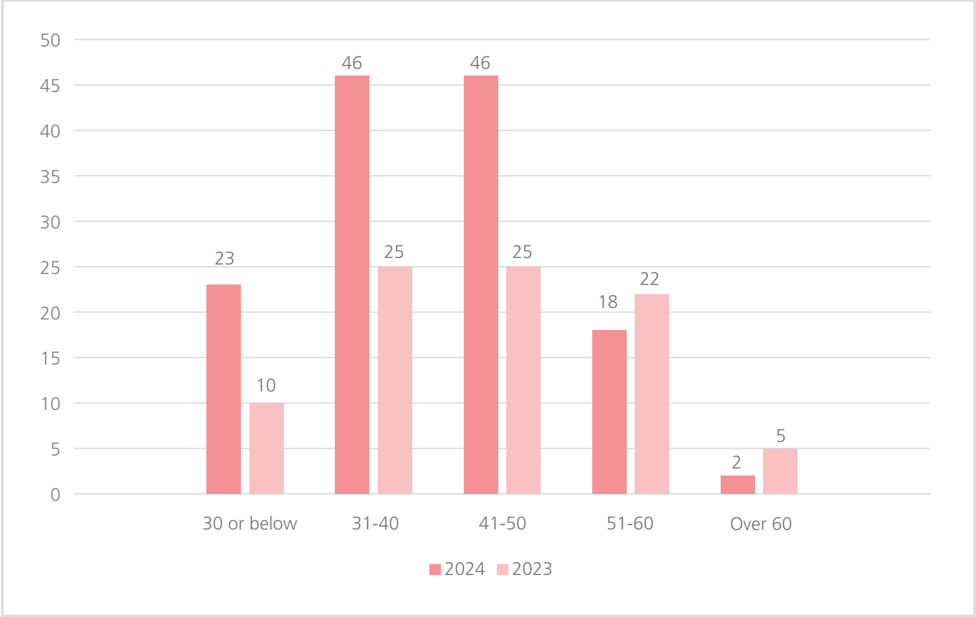


Figure 4: Number of Employee by Age

(ii) Employee Turnover Rate

During the Reporting Period, a total of 58 (2023: 16) employees voluntarily left for various reasons, and the total employee turnover rate of the Group is 52.25% (2023: 19.28%). The increase of turnover rate compared to 2023 was mainly due to the Group's strategic expansion of its part-time workforce during the Reporting Period and the inherently higher turnover rate of short-term employment arrangements. A breakdown of the employee turnover rate during the Reporting Period and the corresponding period in 2023 is set out below:

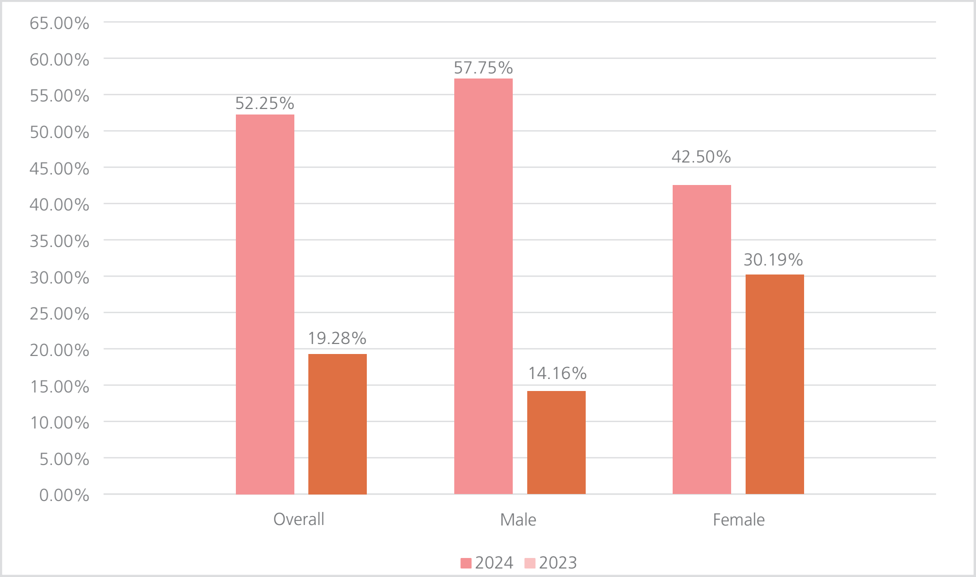


Figure 5: Turnover Rate by Gender

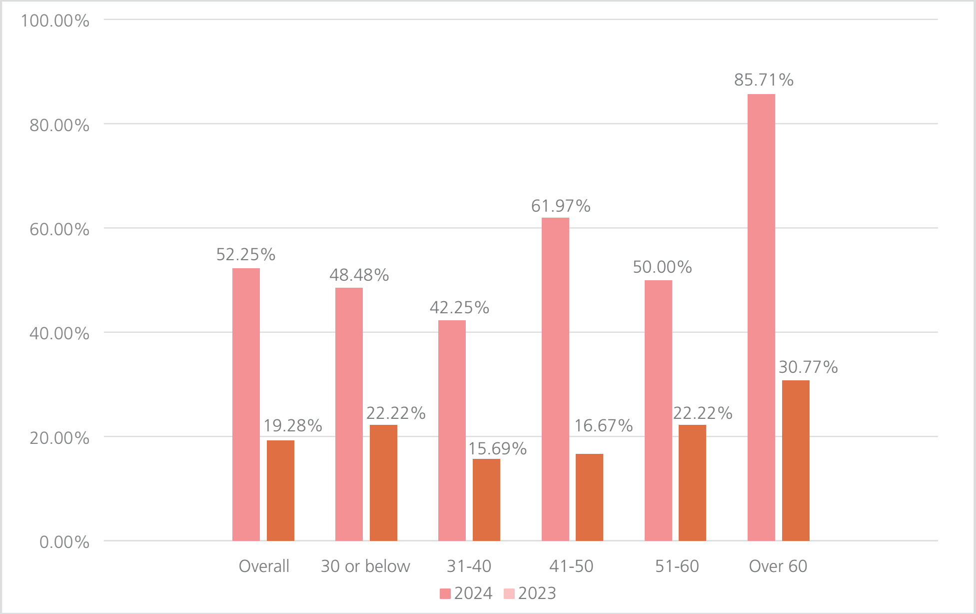


Figure 6: Turnover Rate by Age

(iii) Employee Compensation and Benefits – Policies and Compliance with Relevant Laws

As mentioned before, one of the material ESG aspects raised by the Group's employees was salary and compensation packages. The Group addresses salary and compensation packages in a transparent manner by disclosing its salary benchmarking exercises to employees. We provide and maintains statutory benefits to all qualified staff in Hong Kong including but not limited to coverage by the Mandatory Provident Fund in Hong Kong, work injury insurance and compensation and statutory holidays.

We implement our staff structure on the philosophy of "making the best use of ability" and offer reasonable yet competitive compensation packages. All employees are required to sign a contract with the Group, which contains terms and conditions according to the local labour laws and employment ordinances. The Group has developed clear rules and regulations to provide provisions on remuneration, dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity and other benefits as well as welfare for employees.

The Group promotes a diverse and respectful workplace to ensure that employees are not treated differently due to factors such as gender, age, nationality, race, religion, family and health conditions, and eliminate any form of discrimination. We have created a fair and non–discriminatory atmosphere where male and female staff are equally entitled to employment and promotion opportunities, as well as the prevention of child labour and forced labour.

Remuneration packages are linked to individual performance, the Group's business performance, which are reviewed on an annual basis taking into the consideration of industry practices and market conditions. Senior management staff and directors' remuneration is determined with reference to his/her duties and responsibilities with the Group, the Group's standards for emoluments and market conditions. Share options are also granted to eligible employees based on individual performance as well as the Group's performance.

To build a harmonious employees' relationship, the Group's senior management regularly organises meetings with the employees to listen to their concerns and thereafter to take appropriate actions, and also arranges social and sport events for employee participation.

During the Reporting Period, the Group remained dedicated to upholding compliance with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. During the Reporting Period, the Group recorded 14 individual labour disputes cases related to employment matters, all of which were duly dealt with, being either case closed or under appeal. To improve performance in employment, the Group is committed to standardizing and strengthening human resource management.

B2: Health and Safety

The Group continued its commitment to providing a safe, healthy and pleasant working environment to the employees. We conduct all our business in full compliance with relevant workplace health and safety laws and regulations including the Occupational and Health Ordinances of Hong Kong. We have equipped the offices and our hospitality establishments with adequate equipment and facilities to ensure safety and convenience to employees. All permanent staff have been covered with social, medical and accidental insurance as required by laws. All employees are also requested to strictly observe the health and safety policies and to follow safety rules at work and to place safety as their priority during work at all times. The Group has implemented customer service and work safety guidelines for all of its employees which set its work safety policies and promote safety on premises. The Group has also provided the required insurance for all employees in accordance with the statutory requirements of their employment locations.

Taking occupational health and safety as one of our prime responsibilities, we have established relevant safety policies and provide training to our staff and in particular to kitchen staff. In general, our safety training will be carried out by explaining the safety management policy, case analysis simulation in respect of on-site safety measures and emergency arrangement as well as allocation of responsibilities.

During the Reporting Period, there are no (2023: 3) work-related injury cases recorded by the Group, therefore no (2023: 55) lost days due to injury resulted. In addition, the Group did not have any incidents of work-related fatalities for the latest 3 financial years, including the Reporting Period. Through the continued efforts in training and monitoring of health and safety in our workplaces. The Group continues to target to achieve zero injury and causality result for the coming year.

	2024	2023	2022
Number of work-related fatalities	–	–	–
Rate of work-related fatalities	–	–	–
Number of work injuries	–	3	3
Lost days due to work injury	–	55	37

B3: Development and Training

As a fast-developing organisation, we are actually aware of the value and contribution of its employees and are willing to invest and to provide our employees with numerous career development and job-specific training courses for them to enhance their capabilities. Employees are encouraged to engage in self-development by taking external training programs and seminars and we arrange senior staff to provide directional advice and guidance and short-term training to junior staff. We implement a system that links our employees' remuneration and promotion to their work experience, capabilities and performance, which incentivizes their proactivity and eagerness of advancement through continuous learning. The human resources department is responsible for employee training.

The Group has introductory and continuous training programmes for our employees to ensure the consistency of our high-quality customer services across all of our establishments, and the relevant policies and guidelines in respect of their respective posts. Work safety training is also provided to our operational staff. We review our training programmes based on market trends and updates as well as changes in compliance and regulatory environment.

During the Reporting Period, the Group provided training to employees through meetings or group discussions. However, the Group is in the process of arranging and assigning responsible departments and personnel on the record-keeping for the training provided, thus comprehensive records are currently unavailable.

B4: Labour Standards

The Group adopts the legal requirements and standards applicable to our business operations to be our minimum labour standard on labour protection and welfare. The Group is committed to ensuring its full compliance and all management and supervisory levels are made aware of this.

In line with our continuing record of previous years, during the Reporting Period, there were no labour strikes within the Group and we did not experience any material labour disputes nor any material insurance claims related to employees' injuries. We firmly believe that we have maintained a good working relationship with our employees. Equal opportunities have been given to employees in respect of recruitment, training and development, job advancement, and compensation and benefits. The employees have not been discriminated against or deprived of opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable laws.

The Group regularly monitors information and data related to employment to prevent non-compliance with rules on child labour and forced labour. To prevent forced labour, we protect the right of our employees to freely choose employment and ensure that all employment relationships are voluntary. The Group and its employees may terminate the employment contract for personal reasons or other reasons, and need to give an appropriate notice period or payment in lieu of notice. We ensure that internationally recognized human rights are respected, promoted and enhanced in our labour practices, including prohibition of any form of forced labour. To prevent child labour, The Group has established comprehensive recruitment procedures to check the background of candidates. Before hiring any job applicant, the HR Department will verify their age by inspecting their identity documents and ensure applicant's appearance is consistent with the photograph on the ID card.

If the Group and its employees found relevant violations such as identity, age, or forced labour, both parties can immediately terminate their labour contracts to protect their legitimate labour rights and interests. We are not aware of any material non-compliance with the relevant standards, rules and regulations in relation to the employment and labour practices during the Reporting Period.

1.3 Operation Practices Aspects

B5: Supply Chain Management

Supply chain management in the ESG Reporting Guide mainly refers to management of sourcing and procurement. The Group mainly purchases food and beverage products, and our suppliers mainly include fresh food and beverage suppliers as well as for tobacco.

The Group has established a material and supplier management system, covering the process and procedure for procurement. Based on the requirements and plans of the respective departments and categories of purchases, the Group usually places orders through price competitiveness and shortlisting, and chooses suppliers through a screening and evaluation process. Our suppliers are selected carefully based on a set of selection criteria, which includes (i) ability to meet specification and standards; (ii) product and service quality; (iii) pricing of the products and services; (iv) quality control methods and practices, and reliable delivery method; and (v) past performance. When necessary, the Group will carry out field investigations to ensure the suppliers are well equipped to provide guaranteed quality and are able to manage safety and other environmental issues. We maintain a list of suppliers who have track records in dealing with us or in the market. Regular assessments on the suppliers, including requests to provide basic certifications, licenses and product catalogues will be conducted to ensure that the suppliers are not only committed to the cost and quality of the products supplied, but also have not violated any laws and practices.

In addition, the Group attaches great importance to the environmental and social risks within its supply chain. The Group regularly reviews the updates of policies and laws related to the supply chain, and communicates with internal and external stakeholders to understand and identify potential environmental and social risks within its supply chain.

During the Reporting Period, same as the previous 6 years, we did not experience any significant problems with the quality of our fresh food or beverage products provided by our suppliers, any material limitations in the supply nor any shortage of any products. We believe that our supply chain management and procedures ensure the safety and quality of our supply chain.

We focused on procurement from suppliers with the best performances under our supplier management system. During the Reporting Period, we had a total of 10 (2023: 9) suppliers. All suppliers were local, which reaffirmed our strategy of supporting the local economy and was also in line with our local and fresh food supply strategy for our restaurants.

B6: Product Responsibility

(i) Safety, Fire and Hygiene

One major condition imposed by applicable laws and regulations in respect of our operations includes compliance of relevant safety, hygiene and fire requirements. Our operation managers across all lines of business are responsible to ensure compliance of these requirements by conducting checks and inspections of the restaurants regularly. For example, fire escape corridors shall be kept clear from obstruction. Fire extinguishers and other equipment shall be kept at the correct location and that they are accessible and remain free from obstruction.

Fire and evacuation drills are conducted annually. The restaurant premises and the head office with the same previous records that we passed all the safety inspection checks by the local Fire Departments.

(ii) Security

As the Group offers our services in open places with public access, security is a major issue to us. We have therefore engaged independent security companies to provide a security staff, working under the supervision of our operation managers to ensure safety. We have established safety and anti-crime manual and implemented strictly by the security team.

During the Reporting Period, same as in the previous 6 years, no serious cases which resulted in serious life-threatening events and accidents to our employees and customers were reported by our restaurant establishments.

(iii) Privacy

The Group's business operations generate a large volume of private, confidential and sensitive information of suppliers, co-operation partners, including the operation status and financial positions, commercial terms of contracts, etc., background information of customers and customer credit card information. These types of information are extremely sensitive and important, can only be used for our own business purposes, not for other unrelated purposes, and by law, we have to cautiously safeguard and protect such information.

The Group fully understands its obligation, and has exercised caution in its daily operations to safeguard client information, protecting customer information from unauthorized access, usage and leakage through various technologies and procedures. Our employees' employment contracts specifically contain confidential provisions and employees are prohibited from accessing information without approval and/or leaking private and confidential information.

All employees are trained to handle and use customer information with extreme caution, protect customer information, and comply with statutory requirements in privacy law. Legal action will be taken against any violation.

During the Reporting Period, same as the previous 6 years, there were no cases initiated against us, nor any complaints received, regarding any breach of relevant privacy laws, regulations and policies in any jurisdiction in which we operate. We will continue to target zero cases to be initiated or complaints received in the future.

(iv) Customer Service and Complaints

The Group is committed to delivering high quality services and products to our customers. As such, we dedicate efforts to deal with complaints by our customers and establish procedures to handle complaints and implement corrective measures, with a view to preventing the reoccurrence of similar complaints.

For complaints at the restaurant premises, if any staff receives a complaint from a customer, the staff shall immediately report this to their supervisor, who will review and understand the matter with the relevant customer and offer remedial proposals to the customer. The complaint will be recorded for internal review. If the complaint cannot be resolved on site or if a complaint has been received online through emails, the incident will be reported to the general manager, who will investigate the incident and file an incident report to the management with solutions to improve or avoid similar incidents in the future. An explanation will be sent to the relevant customer to ensure the matter has been resolved and to maintain good customer relationships. Our management will review complaints' records regularly, and accordingly arrange necessary training to our staff to consistently improve the operation of the restaurant.

During the Reporting Period, same as the previous 6 years, we were not aware of any incident of customer complaint claiming material compensation or any sold products subject to recall for safety and health reasons, or any investigation by any government authorities in relation to such complaint, that could have a material adverse impact on our business.

(v) Insurance and Third Party Liability

The landlords of our restaurant venues have maintained the relevant third party liability insurance for fire or other accidents inside the premises. During all the fit out and renovation work for our restaurants, we have maintained relevant third party insurance. For events held outside our restaurant, we have also arranged appropriate insurance cover in respect of contractor's liability, public liability, accidental death and permanent disability. We maintain at all times relevant employees' compensation insurance for injuries or death in the course of employment.

(vi) Intellectual Property Right

Our Group's principal intellectual property rights include the trademark registered for "HEXA" and "SIXA" brands and we have taken appropriate steps to protect our intellectual property rights and registered the relevant trademark in various jurisdictions including Greater China, Taiwan, Japan, England, and Singapore. We primarily rely on trademark and intellectual property laws, and confidentiality agreements with our senior employees to protect our intellectual property.

We respect and observe intellectual property rights and pay for the music under licenses and copyrights to allow us to broadcast the background music in our restaurants. We select music and maintain regular discussions and reviews with DJs to optimise customers' experience.

For the events we hold in Hong Kong as well as for background music in our restaurant establishments, we also obtain the relevant permit and licences for public performance of music recordings from Hong Kong Recording Industry Alliance Limited, Composers and Authors Society of Hong Kong Limited and Phonographic Performance (South East Asia) Limited.

During the Reporting Period, the Group was not aware of any infringement of its or any other intellectual property rights which had or could have a material adverse effect on our business, and same as the previous 6 years, there were no legal proceedings against the Group with respect to our use of musical works in our restaurant establishments in Hong Kong. We will continue to target zero infringement in the coming years.

B7: Anti-corruption

As discussed in the introduction section, the prevention of bribery, extortion, fraud, and money laundering is a material aspect to all the stakeholders. The Group adopts a zero-tolerance approach to these crimes. Detailed policies and measures have been disclosed in and implemented since we started our ESG Reporting and KPIs in 2016. In our daily operations, the directors, management and staff must comply with related government laws and regulations on the prevention of bribery, extortion, fraud and money laundering. With the implementation of clear policies and well-structured processes on purchases, sales, operation and finance, and the adoption of a high code of conduct especially in our senior management, all employees not only have responsibility to understand but also comply with the above regulations and any person who contravenes the regulations, will be subject to disciplinary sanction.

During the Reporting Period, the Group provided anti-corruption training to directors and employees through meetings or group discussions. However, the Group is in the process of arranging and assigning responsible departments and personnel on the systematic documentation and centralized data collection for the training provided, thus comprehensive records are currently unavailable. Looking ahead, we will invest more resources to our anti-corruption training and expand the scope of anti-corruption training data disclosure.

Same as in the previous 6 years, there were no complaints of corruption against the Group or its staff during the Reporting Period, and we will continue to target and are confident to achieve a similar result in the future.

B8: Community Investment

The Group strives to fulfil its responsibilities as a corporate citizen and makes contributions to society, taking into consideration the needs and interests of the communities where we expand our operations. By recruiting staff from local communities, we assist both local employment and at the same time we have a local team who is familiar with the local environment, which is important in the hospitality industry, thereby creating a win-win situation. We also try to build a beneficial corporate-community relationship by addressing the local community concerns, such as those related to environmental issues and cultural promotion and encouraging and supporting staff to engage in voluntary community activities.

During the Reporting Period, though no specific resources or money were donated (2023: Nil), we continued to focus on areas with higher local priority, making small donations to local charities, and the Group will continue to devote more resources towards community.

Appendix: ESG Reporting Guide Content Index of HKEX

Content of Indicator		Relevant Sections
A. Environmental Aspect		
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions and Wastes – Air Pollutant Emissions and GHG Emissions
A1.1	The types of emissions and respective emissions data.	Emissions and Wastes – Air Pollutant Emissions and GHG Emissions
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions and Wastes – Air Pollutant Emissions and GHG Emissions
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions and Wastes – Hazardous and Non-Hazardous Wastes
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions and Wastes – Hazardous and Non-Hazardous Wastes
A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions and Wastes
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions and Wastes – Hazardous and Non-Hazardous Wastes
A2: Use of Resources		
General Disclosure	Policies on efficient use of resources including energy, water, and other raw materials.	Use of Resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Electricity & Fuel Consumption
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Fresh Water Consumption and Sourcing
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Electricity & Fuel Consumption
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Fresh Water Consumption and Sourcing
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Paper and Packaging Materials Consumption

Content of Indicator		Relevant Sections
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	Environment and Natural Resources
A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
B. Social Aspect		
B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
B2.2	Lost days due to work injury.	Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

Content of Indicator		Relevant Sections
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
B4.2	Description of steps taken to eliminate non-compliance when discovered.	Labour Standards
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Content of Indicator		Relevant Sections
B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Customer Service and Complaints
B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Customer Service and Complaints
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Right
B6.4	Description of quality assurance process and recall procedures	Product Responsibility – Insurance and Third Party Liability
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Privacy
B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests.	Community Investment
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

REPORT OF THE DIRECTORS

The Directors submit herewith their report, together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company incorporated in Cayman Islands. The Company and its subsidiaries are principally engaged in the food and beverage industry. Their principal activities are operation of restaurants as well as granting loans to entities in the food and beverage and entertainment industry.

BUSINESS REVIEW

A review of the business of the Group as required under Schedule 5 to the Companies Ordinance, including an indication of likely future development in the Group's business, as set out in the section of "Letter to the Shareholders" and "Management Discussion and Analysis" in this annual report. Those discussion forms part of this report of the Directors.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties, including market risk, credit risk and impairment assessment, and liquidity risk. The risk management objectives and policies of the Group are set out in Note 4 to the consolidated financial statements.

In addition, the Directors have acknowledged that the Group is exposed to certain principal risks in relation to the Group's operation that could have impact on the Group. The Group monitors the risks on an ongoing basis. Some of the principal risks that may materially affect our business include:

- Increase in food and beverage costs and/or labour costs may adversely affect our operation and financial performances;
- We depend on our major suppliers for the timely, stable and adequate supply of food and beverages;
- There is no guarantee that certain licences which are vital to operating our business could be acquired or renewed; and
- Our Group may not be able to find commercially favourable locations for our new business or renew property leases for our existing shops on terms that are agreeable to us.

Compliance with Laws and Regulations

To the best of the knowledge of the Board and the management, the Group complied with the relevant laws and regulations which constitutes material impact on the business and operation of the Company and its subsidiaries in all material respects during the year ended 31 December 2024.

Key Relationships with Employees, Customers and Suppliers

The Group recognizes that employees are one of the significant assets of the Group. The Group aims to continue establishing a caring environment to employees and emphasis the personal development of its employees.

The Group maintains a good relationship with our customers and suppliers. The Group aims to continuously provide quality services and consumption experiences to our customers and establishing long-term cooperation relationships with our suppliers.

Environmental Policies

The Group is committed to building an environmentally-friendly corporate environment that pays close attention to conserving natural resources. The Group strives to minimise its impact on the environment by reducing its electricity consumption and encouraging recycle of office supplies and other materials. For further details, please refer to the "Environmental, Social and Governance Report" section of this annual report.

SEGMENT INFORMATION

The analysis of geographical locations of the Company and its subsidiaries for the year are set out in notes to the consolidated financial statements. Details of the segment information of the Group for the year are set out in notes to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 and the state of the affairs of the Company and the Group as at that date are set out in the consolidated financial statements of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2024.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last four financial years, as extracted from the audited consolidated financial statements, is set out in the "Summary of Financial Information" section of this annual report.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment of the Group during the year are set out in notes to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in notes to the consolidated financial statements.

REPORT OF THE DIRECTORS

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the Consolidated Statements of Changes in Equity and notes to the consolidated financial statements, respectively.

As at 31 December 2024, the Company had no reserves available for distribution in accordance with the Company law of Cayman Islands while the Company's share premium account was approximately HK$94,952,000.

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Executive Directors

Mr. Choi Siu Kit
Mr. Ying Kan Man (Note 1)
Mr. Patrick Ting (Note 2)

Independent Non-executive Directors

Ms. Tse Mei Ling
Mr. Lynch Stephen Joseph Chor (Note 3)
Ms. Woo Man Hung
Mr. Mak Kwok Kwan Terence (Note 4)

Note 1: Appointed on 2 April 2024
Note 2: Resigned on 8 February 2024
Note 3: Appointed on 31 December 2024
Note 4: Resigned on 31 December 2024

In accordance with Article 108 of the Company's articles of association, at each annual general meeting one third of the Directors for the time being, shall retire from office by rotation. Accordingly, Mr. Ying Kan Man and Ms. Tse Mei Ling shall retire from office as Director by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

According to Article 112 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting of the company after his appointment and be subject to re-election at such meeting. Mr. Lynch Stephen Joseph Chor, who was appointed on 31 December 2024, shall hold office of Director until the forthcoming annual general meeting. Mr. Lynch Stephen Joseph Chor being eligible, will offer himself for re-election as a Director at the annual general meeting.

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.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments of the Group are set out in notes to the consolidated financial statements. Directors' remuneration is mainly determined by their jobs duties and relevant market standard.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are set out in notes to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION FOR THE BENEFIT OF DIRECTORS

The Company has arranged appropriate insurance cover in respect of its legal action against its Directors, effective from the date of Listing and remained in force as of the date of this report. According to Article 191 of the Company's articles of association, the Directors shall be indemnified and secured harmless out of assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain.

EMPLOYEES AND REMUNERATION POLICY

The Group had a total of 135 employees as at 31 December 2024 (2023: 87 employees). Remuneration is determined with reference to market terms and the performance, qualifications and experience of the individual employee. We actively refine our staff structure by adopting the human resources philosophy of "making the best use of ability" and offer reasonable yet competitive compensation packages. The Group has developed a number of rules and regulations to provide provisions on remuneration, dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity and other benefits as well as welfare for employees. Other benefits include contributions to statutory mandatory provident fund schemes to its qualified Hong Kong employees and social security fund schemes operated and managed by the Macau Government to its qualified Macau employees.

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

As at 31 December 2024, the interests and short position of the Directors and the Company's chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name of Director/ Chief Executive	Name of Group member/ associated corporation	Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding interest
Mr. Choi Siu Kit (Notes 2 and 3)	The Company	Interest of a controlled corporation, interest held jointly with another person	109,350,000 ordinary shares of the Company (L)	19.95%
	Welmen	Interest of a controlled corporation	3,031.11 ordinary shares of Welmen (L)	30.3111%
		Beneficial owner	1,262.225 ordinary shares of Welmen (L)	12.62225%

Notes:

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

(2) On 2 March 2016, Mr. Choi Yat Hon, Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai, Mr. Yeung Bernard Sie Hong and Mr. Yeung Chi Shing entered into an acting in concert confirmation whereby each of them confirmed that since 31 January 2011, they acted in concert with each other when dealing with matters concerning operation management, accounts, finance and treasury and human resources management of the Group, details of which are set out in the Prospectus. On 20 August 2019, Mr. Yeung Bernard Sie Hong sold all his shares in Welmen to Mr. Choi Kuen Kwan (father of Mr. Choi Yat Hon and Mr. Choi Siu Kit). On 4 June 2020, Mr. Choi Kuen Kwan sold 50% and 50% of his shares in Welmen to Mr. Choi Yat Hon and Mr. Choi Siu Kit respectively. As such, pursuant to the acting in concert arrangement, each of Mr. Choi Yat Hon, Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai and Mr. Yeung Chi Shing is deemed to be interested in 19.95% of the issued share capital of the Company held by Welmen.

(3) Welmen is owned as to 30.3111% by Yui Tak Investment Limited ("Yui Tak") and Yui Tak is owned as to 50% by Mr. Choi Yat Hon and as to 50% by Mr. Choi Siu Kit. By virtue of the SFO, each of Mr. Choi Yat Hon and Mr. Choi Siu Kit is deemed to be interested in 30.3111% of the issued share capital of Welmen held by Yui Tak and 19.95% of the issued share capital of the Company held by Welmen.

Save as disclosed above and so far as is known to the Directors, as at 31 December 2024, none of the Directors and the Company's chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2024, the person (other than the Directors or the Company's chief executives) or company who or which had an interest and short position in the shares and underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Name of shareholder	Nature of interest	Number and class of securities(Note 1)	Approximate percentage of shareholding interest
Restoran Oversea (CST) Sdn Bhd ("Restoran Oversea") (Note 2)	Beneficial owner	158,988,000 ordinary shares (L)	29.00%
Welmen Investment Co. Ltd ("Welmen") (Note 3)	Beneficial owner	109,350,000 ordinary shares (L)	19.95%
Yui Tak Investment Limited ("Yui Tak") (Note 3)	Interest of a controlled corporation	109,350,000 ordinary shares (L)	19.95%
Mr. Choi Yat Hon (Note 4)	Interest of a controlled corporation, interest held jointly with another person	109,350,000 ordinary shares (L)	19.95%

Name of shareholder	Nature of interest	Number and class of securities[Note 1]	Approximate percentage of shareholding interest
Mr. Au Wai Pong Eric (Note 4)	Interest held jointly with another person	109,350,000 ordinary shares (L)	19.95%
Mr. Au Ka Wai (Note 4)	Interest held jointly with another person	109,350,000 ordinary shares (L)	19.95%
Mr. Yeung Chi Shing (Note 4)	Interest held jointly with another person	109,350,000 ordinary shares (L)	19.95%
Ms. Chan Ting Fai (Note 5)	Interest of spouse	109,350,000 ordinary shares (L)	19.95%
Ms. Lee Wan (Note 6)	Interest of spouse	109,350,000 ordinary shares (L)	19.95%
Trendy Pleasure Limited ("Trendy") (Note 7)	Beneficial owner	30,000,000 ordinary shares (L)	5.47%
Saint Lotus Cultural Development Group Co., Limited ("Saint Lotus") (Note 7)	Interest of a controlled corporation	30,000,000 ordinary shares (L)	5.47%
Mr. Zhang Jianguang (Note 7)	Interest of a controlled corporation	30,000,000 ordinary shares (L)	5.47%

Notes:

(1) The letter "L" denotes the person's long position in the shares of the Company.

(2) Restoran Oversea is a company incorporated in Malaysia with limited liability and wholly and beneficially owned by Oversea Enterprise Berhad.

(3) Welmen is owned as to 30.3111% by Yui Tak and Yui Tak is owned as to 50% by Mr. Choi Yat Hon and as to 50% by Mr. Choi Siu Kit. By virtue of the SFO, each of Mr. Choi Yat Hon and Mr. Choi Siu Kit is deemed to be interested in 30.3111% of the issued share capital of Welmen held by Yui Tak and 19.95% of the issued share capital of the Company held by Welmen.

(4) On 2 March 2016, Mr. Choi Yat Hon, Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai, Mr. Yeung Bernard Sie Hong and Mr. Yeung Chi Shing entered into an acting in concert confirmation whereby each of them confirmed that since 31 January 2011, they acted in concert with each other when dealing with matters concerning operation management, accounts, finance and treasury and human resources management of the Group, details of which are set out in the Prospectus. On 20 August 2019, Mr. Yeung Bernard Sie Hong sold all his shares in Welmen to Mr. Choi Kuen Kwan (father of Mr. Choi Yat Hon and Mr. Choi Siu Kit). On 4 June 2020, Mr. Choi Kuen Kwan sold 50% and 50% of his shares in Welmen to Mr. Choi Yat Hon and Mr. Choi Siu Kit respectively. As such, pursuant to the acting in concert arrangement, each of Mr. Choi Yat Hon, Mr. Choi Siu Kit, Mr. Au Wai Pong Eric, Mr. Au Ka Wai and Mr. Yeung Chi Shing is deemed to be interested in 19.95% of the issued share capital of the Company held by Welmen.

(5) Ms. Chan Ting Fai is the spouse of Mr. Choi Siu Kit. By virtue of the SFO, Ms. Chan Ting Fai is deemed to be interested in 19.95% of the issued share capital of the Company in which Mr. Choi Siu Kit is interested.

(6) Ms. Lee Wan is the spouse of Mr. Au Wai Pong Eric. By virtue of the SFO, Ms. Lee Wan is deemed to be interested in 19.95% of the issued share capital of the Company in which Mr. Au Wai Pong Eric is interested.

(7) Trendy Pleasure Limited is wholly owned by Saint Lotus and Saint Lotus is wholly owned by Mr. Zhang Jianguang. By virtue of the SFO, each of Saint Lotus and Mr. Zhang Jianguang is deemed to be interested in 5.47% of the issued share capital of the Company held by Trendy.

Save as disclosed above and so far as is known to the Directors, as at 31 December 2024, no other interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any associated company", at no time during the year was the Company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Saved as the related party transactions disclosed in notes to the consolidated financial statements, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its controlling shareholders or any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024.

INTEREST IN A COMPETING BUSINESS

The Directors are interested in certain restaurant businesses in Macau (the "Retained Macau Restaurant Business"). Compared to the Group's current clubbing business in Macau, the Retained Macau Restaurant Business has different industry nature, opening business hours and target customers. Accordingly, our Directors are of the view that the Retained Macau Restaurant Business are clearly delineated from the Group's businesses and will not compete (either directly or indirectly) or are not likely to compete with the Group's businesses.

Mr. Choi Siu Kit, our executive Director, is engaged in certain restaurant and bar business in Hong Kong before the Listing (the "Retained HK Restaurant and Bar Business"). Set out below are the details of his interests in the Retained HK Restaurant and Bar Business during the twelve-month period ended 31 December 2024:

Name of entity	Nature of interests
Mighty Force Catering Group Limited (Note)	Approximately 50% of issued share capital was held by Mr. Choi Siu Kit's spouse, who was also a director
Sham Tseng Chan Kee Roasted Goose Company Limited (Note)	Approximately 7.5% of issued share capital was held by Mr. Choi Siu Kit's spouse
Eastern Full Limited (Note)	Approximately 7.5% of issued share capital was held by Mr. Choi Siu Kit's spouse

Note: Operate/franchise restaurants with trading name of Sham Tseng Chan Kee in Hong Kong

As Mr. Choi Siu Kit had engaged the Retained HK Restaurant Business before the Group's Listing, such business are excluded from the Group and is not covered by the Deed of Non-competition entered between the Controlling Shareholders and the Company.

Saved as disclosed, during the twelve-month period ended 31 December 2024, none of the Directors or the controlling shareholders of the Company, neither themselves nor their respective close associates (as defined in the GEM Listing Rules) engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group. The Directors have provided information necessary for annual review by our Company's independent non-executive Directors and the enforcement of the Deed of Non-competition. The Directors have provided written confirmation to the Company declaring compliance with the Deed of Non-competition. Our independent non-executive directors have reviewed and concluded their compliance with the Deed of Non-competition signed between Directors and the Company.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 18 October 2016 (the "Share Option Scheme") to recognize and acknowledge the contributions made by any individual who is an employee of our Group (including directors) or any entity in which our Company holds any equity interest (the "Invested Entity") and such other persons who has or will contribute to our Company as approved by our Board from time to time (the "Participants"), to attract skilled and experienced personnel, to incentivize them to remain with our Company and to motivate them to strive for the future development and expansion of our Company and its subsidiaries, by providing them with the opportunity to acquire equity interests in our Company.

The Share Option Scheme became effective on the date of the Company's listing (i.e. 11 November 2016) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 180,000,000 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the Share Option Scheme. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. A grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the Option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million (or such other amount as permissible under the GEM Listing Rules from time to time), are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within such time to be determined by the Board and upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised. The exercise price of the share options shall be not less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date on which the option is offered, which must be a business day (the "Offer Date"); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the par value of the Shares.

SHARE OPTIONS

No share option was granted to eligible participants of the Group during the year ended 31 December 2024. The movements of share options under the Share Option Scheme during the year ended 31 December 2024 are as follows:

Category/ Name of Grantee	Date of Grant	Exercise Date/ Period	Exercise Price Per Share	Number of share options						
				Outstanding as at 1 January 2024	Granted during the year	Exercised during the year	Cancelled during the year	Share option adjustment during the year	Lapsed during the year	Outstanding as at 31 December 2024
Employees and Consultants	2 October 2018	(Note 1)	HK$0.5921	771,180	–	–	–	–	–	771,180
	2 October 2018	(Note 2)	HK$0.5921	771,180	–	–	–	–	–	771,180
	2 October 2018	(Note 3)	HK$0.5921	451,390	–	–	–	–	–	451,390
	2 October 2018	(Note 4)	HK$0.5921	257,060	–	–	–	–	–	257,060
Total				2,250,810	–	–	–	–	–	2,250,810

The number of share options available for grant under the Share Option Scheme as at 1 January 2024 and 31 December 2024 was 585,769 and 585,769 respectively.

Notes:

1. Subject to fulfillment of the pre-determined vesting conditions, the share options shall be vested and exercisable from 2 October 2018 to 1 October 2028.

2. Subject to fulfillment of the pre-determined vesting conditions, the share options shall be vested and exercisable from 2 October 2019 to 1 October 2028.

3. Subject to fulfillment of the pre-determined vesting conditions, the share options shall be vested and exercisable from 2 October 2020 to 1 October 2028.

4. Subject to fulfillment of the pre-determined vesting conditions, the share options shall be vested and exercisable from 2 October 2021 to 1 October 2028.

5. The details of the valuation of options granted under the Share Option Scheme is set out in in note 32 to the consolidated financial statements in this annual report.

The Share Option Scheme will expire on 11 November 2026. The Share Option Scheme has a remaining life of approximately 1.4 years as at the date of this report.

A total of 2,836,579 Shares are available for issue under the Share Option Scheme, representing approximately 0.52% of the Company's total number of issued Shares as at the date of this Report.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Group as set out in Note 32 to the consolidated financial statements of the Group, no other equity-linked agreements were entered into by the Group or existed during the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the applicable laws of the Cayman Islands, that would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained a sufficient public float as required under the GEM Listing Rules.

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.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" section of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the reporting period, the revenue from sales of goods or rendering of services to the five largest customers of the Group represented less than 10% of the total revenue of the Group. The purchases from the five largest suppliers of the Group accounted for 53.6% of the total purchase of the Group and the purchase from the largest supplier accounted for 21.7% of the total purchase of the Group. To the best knowledge of the Board, none of the Directors, their close associates or any shareholder holding more than 5% of the issued share capital of the Company, had any beneficial interests in the Group's five largest customers or suppliers.

DONATIONS

During the year ended 31 December 2024, the Group made no charitable and other donations.

CONNECTED TRANSACTIONS

Related party transactions entered into by the Group during the year ended 31 December 2024 are disclosed in notes to the consolidated financial statements. These related party transactions are also connected transactions which are exempted from the reporting, annual review, announcement, circular and shareholders approval under Chapter 20 of the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Note 39 to the consolidated financial statements of the Group, 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.

AUDITORS

On 21 December 2023, D & PARTNERS CPA LIMITED, who were appointed as the Company's auditor to fill the casual vacancy arising from the resignation of HLB Hodgson Impey Cheng Limited on 21 December 2023. Save as disclosed above, there has been no other change of auditors for the preceding three years.

The consolidated financial statements of the Group for the Year were audited by D & PARTNERS CPA LIMITED.

On behalf of the Board

Choi Siu Kit
Executive Director

Hong Kong, 20 June 2025

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF
LUK HING ENTERTAINMENT GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Luk Hing Entertainment Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 76 to 167, 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

Material uncertainties relating to going concern basis

We draw attention to Note 2.2 in the consolidated financial statements, which describes as at 31 December 2024, the Group's current liabilities exceeded its current assets and total liabilities exceeded its total assets by approximately HK$44,372,000 and HK$32,530,000 respectively. As at that date, the Group's aggregate bank loans and lease liabilities amounted to approximately HK$8,798,000 and HK$12,776,000 respectively. On the other hand, the Group's cash and cash equivalents amounted to only approximately HK$3,972,000. Subsequent to 31 December 2024, one of restaurants has been ceased operation due to expiration of lease term. These events and conditions, along with other matters as set forth in Note 2.2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors have certain plans and measures to improve the Group's liquidity and financial position, which are set out in Note 2.2 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the outcomes of these plans and measures, which are subject to multiple uncertainties, including (i) whether the Group is able to successfully negotiate with the banks for renewing banking facilities; (ii) whether the Company is successful in implementing alternative capital raising initiatives to provide additional funds for the Group; and (iii) whether the Group is able to implement its cost control measures to attain positive cash flows from operations of the Group.

We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

Material uncertainties relating to going concern basis *(Continued)*

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustments might have been found necessary.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("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.

AUDITORS' 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 ("HKSAs") issued by the HKICPA and to issue an auditor's report sole 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. 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.

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 this independent auditors' report is Lau, Ming Tak Simeon.

D & PARTNERS CPA LIMITED
Certified Public Accountants

Lau, Ming Tak Simeon
Practising Certificate Number: P07579

Hong Kong, 20 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Revenue	6	**123,288**	95,747
Other income and gain	7	**1,268**	6,046
Cost of inventories sold		**(25,455)**	(26,853)
Staff costs		**(31,393)**	(35,678)
Property rentals and related expenses		**(11,147)**	(7,408)
Advertising and marketing expenses		**(9,188)**	(350)
Other operating expenses		**(40,064)**	(23,335)
Depreciation		**(13,016)**	(13,272)
Impairment losses on plant and equipment and right-of-use assets		**(648)**	–
Impairment losses under expected credit loss model, net of reversal		**(3,765)**	(368)
Fair value change of financial assets at fair value through profit or loss		**638**	145
(Loss)/gain on disposal of subsidiaries	36	**(322)**	25,153
Share of losses of joint ventures		**–**	(3)
Finance costs	8	**(1,353)**	(3,734)
(Loss)/profit before taxation	11	**(11,157)**	16,090
Taxation	10	**–**	(183)
(Loss)/profit for the year		**(11,157)**	15,907
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange difference on translating of financial statements of overseas subsidiaries		**4**	2,381
Other comprehensive income for the year		**4**	2,381
Total comprehensive (expense)/income for the year		**(11,153)**	18,288

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
(Loss)/profit for the year attributable to:			
Owners of the Company		**(9,365)**	14,899
Non-controlling interests		**(1,792)**	1,008
		(11,157)	15,907
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(9,361)**	16,886
Non-controlling interests		**(1,792)**	1,402
		(11,153)	18,288
(Loss)/earnings per share (in HK cents)			
– Basic	14	**(1.71)**	4.06
– Diluted	14	**(1.71)**	4.04

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Non-current assets			
Plant and equipment	15	**1,682**	4,100
Financial assets at fair value through profit or loss ("Financial assets at FVTPL")	17	**–**	6,354
Right-of-use assets	18	**12,263**	4,087
Investment in joint ventures	24	**–**	–
Investment in an associate	23	**–**	–
Deposits	20	**2,572**	–
		16,517	14,541
Current assets			
Inventories	19	**321**	487
Account and other receivables	20	**4,739**	7,075
Loan receivables	21	**–**	–
Cash and cash equivalents	22	**3,972**	846
		9,032	8,408
Current liabilities			
Account and other payables	25	**34,823**	19,316
Income tax payables		**183**	183
Lease liabilities	18	**8,764**	4,652
Bank loans	29	**8,798**	17,435
Provision for reinstatement costs	27	**836**	1,565
		53,404	43,151
Net current liabilities		**(44,372)**	(34,743)
Total assets less current liabilities		**(27,855)**	(20,202)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Non-current liabilities			
Lease liabilities	18	**4,012**	–
Amounts due to non-controlling interests	26	**–**	1,840
Provision for reinstatement costs	27	**663**	–
		4,675	1,840
Net liabilities		**(32,530)**	(22,042)
Equity and reserves			
Share capital	28	**54,826**	54,826
Reserves		**(71,098)**	(62,402)
Equity attributable to owners of the Company		**(16,272)**	(7,576)
Non-controlling interests		**(16,258)**	(14,466)
Total equity		**(32,530)**	(22,042)

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 76 to 167 were approved and authorised for issue by the Board of Directors on 20 June 2025 and signed on its behalf by:

Choi Siu Kit
Director

Ying Kan Man
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company								
	Share Capital HK$'000	Share premium HK$'000	Share-based compensation reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Other reserve HK$'000	Sub-total HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
As at 1 January 2023	22,904	79,169	756	1,193	(172,183)	(3,440)	(71,601)	(36,117)	(107,718)
Profit for the year	–	–	–	–	14,899	–	14,899	1,008	15,907
Other comprehensive income for the year	–	–	–	1,987	–	–	1,987	394	2,381
Cancelled of share options	–	–	(91)	–	91	–	–	–	–
Issue of shares (Note 28)	31,922	19,153	–	–	–	–	51,075	–	51,075
Transaction cost attributable to issue of new shares	–	(3,370)	–	–	–	–	(3,370)	–	(3,370)
Disposal of a subsidiary (Note 36)	–	–	–	(3,229)	–	2,663	(566)	20,249	19,683
As at 31 December 2023 and 1 January 2024	54,826	94,952	665	(49)	(157,193)	(777)	(7,576)	(14,466)	(22,042)
Loss for the year	–	–	–	–	(9,365)	–	(9,365)	(1,792)	(11,157)
Other comprehensive income for the year	–	–	–	4	–	–	4	–	4
Disposal of a subsidiary (Note 36)	–	–	–	(112)	–	777	665	–	665
As at 31 December 2024	**54,826**	**94,952**	**665**	**(157)**	**(166,558)**	**–**	**(16,272)**	**(16,258)**	**(32,530)**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Operating activities			
(Loss)/profit before taxation		(11,157)	16,090
Adjustments for:			
Impairment losses under expected credit loss model, net of reversal	11	3,765	368
Impairment losses of plant and equipment	11	215	–
Impairment losses of right-of-use assets	11	433	–
Depreciation of plant and equipment	11	2,503	3,838
Depreciation of right-of-use assets	11	10,513	9,434
Bad debt written off	11	–	5,279
Fair value change of financial assets at FVTPL	11	(638)	(145)
Loss/(gain) on disposal of subsidiaries	36	322	(25,153)
Waive of other payables	7	–	821
Waive of interest expenses	7	–	4,751
Share of losses of joint ventures		–	3
Finance costs	8	1,353	3,734
Bank interest income		(19)	(1)
Other interest income	7	(69)	–
Reversal of accrued expenses	7	(869)	(413)
Operating cash flows before movements in working capital		6,352	18,606
Decrease in inventories		166	73
Increase in account and other receivables		(4,343)	(1,436)
Increase/(decrease) in account and other payables		14,586	(22,199)
Net cash generated from (used in) operating activities		16,761	(4,956)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Investing activities			
Purchase of plant and equipment	15	**(300)**	(1,123)
Proceeds of disposal of financial asset at FVTPL		**6,992**	–
Net cash outflow on disposal of subsidiaries	36	**–**	(93)
Increase in amount due from an associate		**–**	(3)
Interest received		**19**	1
Net cash generated from (used in) investing activities		**6,711**	(1,218)
Financing activities			
Repayment of amounts due to non-controlling interests		**–**	(60)
Proceed from issue of shares		**–**	51,075
Transaction costs attributable to issue of new shares		**–**	(3,370)
Proceeds from other loans		**1,000**	166
Repayment of other loans		**(766)**	(27,993)
Repayment of bank loans		**(8,637)**	(4,170)
Interest paid		**(636)**	(748)
Repayment of lease liabilities		**(10,799)**	(10,105)
Interest element of lease rentals paid		**(513)**	(760)
Net cash (used in) generated from financing activities		**(20,351)**	4,035
Net increase (decrease) in cash and cash equivalents		**3,121**	(2,139)
Cash and cash equivalents at the beginning of the year		**846**	626
Effect of foreign exchange rate		**5**	2,359
Cash and cash equivalents at the end of the year		**3,972**	846
Represented by:			
Cash and bank balances		**3,972**	846

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Luk Hing Entertainment Group Holdings Limited ("the Company") was incorporated in Cayman Islands on 30 November 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 11 November 2017, the Company's shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1180, Cayman Islands and the principal place of business in Hong Kong is located at Unit 3C, 3/F., Yue Xiu Industrial Building, 87 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Company is an investment holding company.

The ultimate holding company is Restoran Oversea (CST) Sdn Bhd, a company incorporated in Malaysia with limited liability.

The Company and its subsidiaries (collectively referred as the "Group") are principally engaged in the food and beverage and entertainment industry. Details of the principal activities and other particulars of the subsidiaries are set out in Note 9 to these consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

The functional currency of the subsidiaries established in the People's Republic of China (the "PRC") is Renminbi ("RMB") and the functional currency of the Company and Hong Kong operating subsidiaries is Hong Kong dollars (HK$).

The consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of the investors as the shares of the Company are listed on the GEM of the Stock Exchange. All values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Application of amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("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:

Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.1 Application of amendments to HKFRSs *(Continued)*

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") *(Continued)*

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.1 Application of amendments to HKFRSs *(Continued)*

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

2.2 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements includes applicable disclosure required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

Going concern

These consolidated financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon the Group being a going concern and will be able to continue its operations for the forseeable future. The ability of the Group to continue as a going concern is dependent on the continued availability of adequate finance to the Group and the Group's ability to attain profitable operations in the foreseeable future, all of which depend on the eventual successful outcome of the below mentioned plans and measures in view of the fact that, as of that date, the Group's current liabilities exceeded its current assets and its total liabilities exceeded its total assets by approximately HK$44,372,000 and HK$32,530,000 respectively. As at that date, the Group's aggregate bank loans and lease liabilities amounted to approximately HK$8,798,000 and HK$12,776,000 respectively as of 31 December 2024. On the other hand, the Group's cash and cash equivalents amounted to only approximately HK$3,972,000. Subsequent to 31 December 2024, as disclosed in note 39 to the consolidated financial statements, one of restaurants has been ceased its operation due to expiration of lease term.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Basis of preparation of consolidated financial statements *(Continued)*

Going concern *(Continued)*

In order to ensure the Group's ability to operate as a going concern, the directors of the Company have implemented measures to deal with the conditions referred to above, as follows:

(i) the management will continue to negotiate with banks for renewing banking facilities. Based on the latest communications with the banks, the directors of the Company are not aware of any intention of the banks to withdraw their bank facilities or require early repayment of the loans, and the directors believe that the existing bank facilities will be renewed when their current terms expire given the good track records and relationships the Group has with the banks;

(ii) the management will consider other financing arrangements and fund-raising alternatives with a view to increasing the Group's capitalisation/equity and to support the continuing growth of the Company; and

(iii) the directors of the Company will continue to implement stronger measures aiming at improving the working capital and cash flows of the Group, including closely monitoring incurrence of other operating expenses.

Having considered the above and after reviewing the cash flow forecast of the Group, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis.

The eventual outcome of the plans and measures described above are inherently uncertain. Should the Group fail to achieve successful outcome from the above-mentioned plans and measures, it may be unable to continue as a going concern, and adjustments would have to be made to write down the carrying values of its assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous patterns at previous shareholders' meetings.

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 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 the non-controlling interests having a deficit balance.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Basis of consolidation *(Continued)*

All intra-group assets and 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.

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 (including goodwill), 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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Investments in associates and joint ventures

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Any retained portion of an investment in an associate or joint ventures that has not been classified as held for sale continues to be accounted for using the equity method. The financial statements of associates or 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. Appropriate adjustments have been made to conform the associate's or joint ventures accounting policies to those of the Group. Under the equity method, an investment in an associate or joint ventures 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 ventures. Changes in net assets of the associate or joint ventures other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint ventures exceeds the Group's interest in that associate or joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint ventures), 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 or joint ventures.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Investments in associates and joint ventures *(Continued)*

An investment in an associate or joint ventures is accounted for using the equity method from the date on which the investee becomes an associate or joint ventures. On acquisition of the investment in an associate or joint ventures, 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 interests 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 the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture 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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 6.

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.

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 standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of club premises, restaurants, staff quarters and warehouses 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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- 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, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, 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.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments 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 liability 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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities (Continued)

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.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

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 liability is 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 market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 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 liability 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 and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. 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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) 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 foreign currency translation reserve (attributed to non-controlling interests as appropriate).

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Foreign currencies *(Continued)*

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.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to noncontrolling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

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

Employee benefits

Retirement benefit costs

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

For defined benefit retirement benefit plans, including the Long Service Payment ("LSP") under the Hong Kong Employment Ordinance, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Employee benefits *(Continued)*

Retirement benefit costs *(Continued)*

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Employee benefits *(Continued)*

Retirement benefit costs *(Continued)*

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19.70 for the gross benefits (i.e. either using the plan's contribution formula or on a straight-line basis). For the amount of contribution that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with HKAS 19.70.

For LSP obligation, the Group accounts for the employer Mandatory Provident Fund ("MPF") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of LSP obligation is determined after deducting the negative service cost arising from the accrued benefits (being projected and attributed to periods of service) derived from the Group's MPF contributions that have been vested with employees and would be used to offset the employee's LSP benefits, which are deemed to be contributions from the relevant employees.

Short-term employee benefits

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

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick 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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss)/profit before taxation 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 the 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 profit. 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 deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) 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 the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, 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 and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Taxation *(Continued)*

For lease transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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 recognized 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Plant and equipment

Plant and equipment are stated in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

An item of plant 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 plant 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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Plant and equipment *(Continued)*

The estimated useful lives for plant and equipment are as follows:

Motor vehicles	5 years
Security surveillance-camera system	5-10 years
Furniture, fixtures and equipment	3-10 years
Tableware	3-5 years
Leasehold improvement	2-10 years

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average method. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale. Cost necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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 and demand deposits, 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 short-term borrowings in the consolidated statement of financial position.

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Licenses have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licenses over its estimated useful lives. Licenses are amortised over its estimated useful lives. Both the period and method of amortisation are reviewed annually.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Impairment on plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its plant 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 plant 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 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses.

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 at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

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.

Interest and dividend income which are derived from the financial assets and shareholders' rights are presented as other revenue and other income.

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.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI 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.

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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including account and other receivables, loan receivables, amounts due from non-controlling interests and cash and bank balances) which are subject to impairment assessment 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 period. 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 period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for account receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when 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.

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 period 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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

Significant increase in credit risk *(Continued)*
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.

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 collateral 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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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;

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

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. 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.

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.

Lifetime ECL for account receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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 receivables where the corresponding adjustment is recognised through a loss allowance account.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the other reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions 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 an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including account and other payables, lease liabilities, bank loans and amounts due to non-controlling interests) are subsequently measured at amortised costs, using the effective interest method.

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 derecognized and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Related parties

A party is considered to be related to the Group if:

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

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

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions apply:

(a) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);

(b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member);

(c) both entities are joint ventures of the same third party;

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(e) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(f) the entity is controlled or jointly controlled by a person identified in (i);

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

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Material accounting policy information *(Continued)*

Related parties *(Continued)*

Close family members of an individual are those family members who may be expected to influence, or be influence by, that person in their dealings with the entity and include:

- that person's children and spouse or domestic partner;
- children of that person's spouse or domestic partner; and
- dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Group and a related party, regardless of whether a price is charged.

Provision

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 that obligation, 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 the 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).

Provisions 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.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2.2, the directors of the Group 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 and liabilities within the next financial year.

(a) Estimated impairment of plant and equipment and right-of-use assets

Plant 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, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Further, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's clubbing and catering operations.

As at 31 December 2024, the carrying amounts of plant and equipment and right-of-use assets subjected to impairment assessment were of approximately HK$1,682,000, and HK$12,263,000 (2023: approximately HK$4,100,000 and HK$4,087,000) respectively.

(b) Estimated impairment of account receivables

Account receivables with significant balances and credit-impaired are assessed for ECL individually. In addition, for account receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effect to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings. 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. Due to greater financial uncertainty triggered by the financial and commodity markets, the Group has increased the expected loss rates in the current year as there is higher risk that financial and commodity markets could led to increased credit default rates. The information about the ECL and the Group's account receivables are disclosed in Notes 4(b) and 20.

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Financial assets		
At amortised cost		
– Account and other receivables	**1,030**	1,941
– Deposits	**4,492**	4,520
– Cash and cash equivalents	**3,972**	846
Financial assets at FVTPL	**–**	6,354
Financial liabilities		
At amortised cost		
– Account and other payables	**34,823**	19,316
– Amounts due to non-controlling interests	**–**	1,840
– Bank loans	**8,798**	17,435
– Lease liabilities	**12,776**	4,652

4. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The directors of the Group monitors and manages the financial risks relating to the operations of the Group through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include credit risk, market risk (including currency risk and interest rate risk) and liquidity risk.

The Group's major financial instruments include financial assets at FVTPL, account and other receivables, loan receivables, deposits, amounts due from non-controlling interests, cash and cash equivalents, account and other payables, amounts due to non-controlling interests, bank loans and lease liabilities. Details of these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, account and other receivables, loan receivables, deposits and amounts due from non-controlling interests. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash and cash equivalents

In respect of cash deposited at banks, the credit risk is considered to be low as the counterparties are reputable banks. The existing counterparties do not have defaults in the past. Therefore, ECL rate of cash at bank is assessed to be close to zero and no provision was made for the years ended 31 December 2024 and 2023.

Account receivables

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Trade receivables are assessed individually for impairment assessment based on the Group's internal credit rating, historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. In this regard, the directors of the Company considered that the credit risk for trade receivables is significantly reduced at the end of the reporting period. For credit card trade receivables, the credit risks are limited because the counterparties are financial institutions and there was no history of defaults. ECL is expected to be insignificant.

As at 31 December 2024 and 2023, account receivables that are individually significant have been separately assessed for impairment. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience.

4. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Account receivables *(Continued)*

Majority of the Group's revenue is received from individual customers in relation to sales of food, beverage and other products sold and are transacted in cash or credit. The Group's account receivables arise from sales of food, beverage and other products to the customers. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivable balance due from these debtors saved for the debtor related to the impaired account receivable disclosed in the below. Management makes periodic assessment on the recoverability of the account receivables based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the debtors.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Account receivables are due within 60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

In addition, the Group performs impairment assessment under ECL model on account receivables with significant balances and credit-impaired individually and/or collectively. Except for, which are assessed for impairment individually, the remaining account receivables are grouped based on shared credit risk characteristics by reference to the Group's internal credit ratings. Impairment of HK$3,118,000 (2023: HK$883,000) is recognised as at 31 December 2024. Details of the quantitative disclosures are set out below in this note.

4. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Loan receivables

The services provided by the Group's prior money lending segment principally include loan financing targeted at both high-net-worth individual customers, private and listed enterprises, which are usually referred to the Company. The major means of customer solicitation are referrals by business acquaintances of the Group.

The Group performed credit risk assessment of each customer to calculate the ECL, taking into consideration of the estimates of expected cash shortfalls which are driven by estimates of possibility of default and the cash inflow that are expected from foreclosure on the collaterals (if any) less the costs of selling the collaterals. In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument as at the reporting date with the date of initial recognition.

In determining the recoverability of the loan receivables, the Group will consider the change in the credit quality of the loan receivables, if any, from the date the loans were initially granted up to the reporting date. This includes assessing the credit history of the customers, such as past due information or default in payments, and the market value of the collaterals pledged to the Group.

The management estimates the estimated loss rates of loan receivables based on historical credit loss experience of the debtors the internal credit risk assessment. The Group provided impairment base on credit-impaired using lifetime ECL and loss allowance of approximately HK$3,450,000 (2023: HK$3,450,000) are recognised as at 31 December 2024.

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group provided impairment based on credit-impaired using lifetime ECL and loss allowances of approximately HK$3,511,000 (2023: HK$2,653,000) are recognised as at 31 December 2024.

4. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

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

Internal rating	Description	Account receivables	Loan and other receivables and deposits
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Under performing	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
Non-performing	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	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal rating	12m or lifetime ECL	2024 Gross carrying amount HK$'000	HK$'000	2023 Gross carrying amount HK$'000	HK$'000
Financial assets at amortised cost								
Account receivables	20	N/A	Performing	Lifetime ECL – not credit impaired	649		1,354	
			Under-Performing	Lifetime ECL – not credit impaired	–		235	
			Non-Performing	Lifetime ECL – credit impaired	3,099	3,748	819	2,408
Other receivables	20	N/A	Non-Performing	12m ECL	413			
				Lifetime ECL – credit impaired	2,763	3,176		2,909
Deposits	20	N/A	Performing	12m ECL	4,529			4,680
				Lifetime ECL – credit impaired	698	5,227		
Loan receivables	21	N/A	Non-Performing	Lifetime ECL – credit impaired		3,450		3,450
Bank balances	22	A3-Aa3	N/A	12m ECL		3,972		846

* The gross carrying amounts disclosed above include the relevant interest receivables which are presented in other receivables.

4. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than 60–90 days past due.

Impairment losses on financial asset are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The following table shows the movement in lifetime ECL that has been recognised for accounts receivables under the simplified approach.

	Lifetime ECL not credit impaired HK$'000	Lifetime ECL credit-impaired HK$'000	Total HK$'000
As at 1 January 2023	18	638	656
Disposal of a subsidiary	–	(96)	(96)
Impairment loss reversed	(19)	–	(19)
Impairment loss recognised	64	650	714
Written-off	–	(372)	(372)
As at 31 December 2023	63	820	883
Impairment loss reversed	(4)	–	(4)
Impairment loss recognised	8	2,899	2,907
Written-off	–	(668)	(668)
As at 31 December 2024	67	3,051	3,118

4. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The following table shows the movement in 12m ECL and lifetime ECL that has been recognised for other receivables under the general approach.

	12m ECL	Lifetime ECL credit-impaired	Total
	HK$'000	HK$'000	HK$'000
As at 1 January 2023	–	3,873	3,873
Disposal of a subsidiary	–	(551)	(551)
Impairment loss reversed	–	(399)	(399)
Impairment loss recognised	–	19	19
Written-off	–	(449)	(449)
As at 31 December 2023	–	2,493	2,493
Disposal of a subsidiary	–	(4)	(4)
Impairment loss reversed	(1)	(236)	(237)
Impairment loss recognised	13	511	524
As at 31 December 2024	12	2,764	2,776

As at 31 December 2024, the Group's other receivables of approximately HK$2,776,000 (2023: HK$2,493,000) which are past due 90 days or more. The directors of the Company considered that credit risks have increased significantly for other receivables past due more than 90 days. Furthermore, the outstanding balance of the loan interest receivables from an individual under the money lending business are considered as credit-impaired as the Company has taken legal action against the individual to recover the outstanding receivables.

4. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The following table show the movement in 12m ECL and lifetime ECL that has been recognised for deposits under the general approach:

	12m ECL HK$'000	Lifetime ECL credit-impaired HK$'000	Total HK$'000
As at 1 January 2023	109	–	109
Disposal of a subsidiary	(2)	–	(2)
Impairment loss reversed	(55)	–	(55)
Impairment loss recognised	108	–	108
As at 31 December 2023	160	–	160
Transferred to credit-impaired	(110)	110	–
Impairment loss reversed	(22)	–	(22)
Impairment loss recognised	9	588	597
As at 31 December 2024	37	698	735

The following table shows the movement in lifetime ECL that has been recognised for loan receivables under the general approach.

	Lifetime ECL credit-impaired HK$'000	Total HK$'000
As at 1 January 2023, 31 December 2023 and 31 December 2024	3,450	3,450

Market risk

Currency risk

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

Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

4. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Interest rate risk *(Continued)*

The Group's cash flow interest rate risk relates primarily to floating-rate borrowing. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2024 would increase/decrease by approximately HK$37,000 (2023: HK$73,000). This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings.

As management considers the Group's exposure to the above fair value interest rate risk is not significant, no interest rate swaps or other hedging activities are undertaken by management during the year.

Liquidity risk

The Group is exposed to minimal liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from internally generated cash flows.

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 effect of fluctuations in cash flows.

The following tables detail the Group's contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The tables include both interest and principle cash flows.

	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	More than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
As at 31 December 2024							
Non-derivative financial liabilities							
Account and other payables	–	34,823	–	–	–	34,823	34,823
Bank loans	3.00	2,670	1,161	3,057	2,802	9,690	8,798
Lease liabilities	5.09	9,174	4,070	–	–	13,244	12,776

4. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	More than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
As at 31 December 2023							
Non-derivative financial liabilities							
Account and other payables	–	19,316	–	–	–	19,316	19,316
Amounts due to non-controlling interests	–	–	–	1,840	–	1,840	1,840
Bank loans	4.67	3,110	9,308	3,272	3,912	19,602	17,435
Lease liabilities	5.15	4,749	–	–	–	4,749	4,652

(c) Fair value of financial instruments

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of its financial assets and liabilities.

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

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The following table analysed the financial instruments which are measured at fair value at the end of the reporting period into the three-level hierarchy.

	Fair value as at 31 December 2024 HK$'000	2023 HK$'000	Fair value hierarchy	Valuation techniques and key inputs
Financial assets				
Financial assets at FVTPL	–	6,354	N/A (2023: Level 2)	Discounted cash flow. The key inputs is market interest rate

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The above table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

4. FINANCIAL INSTRUMENTS *(Continued)*

(d) Capital risk management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value. The Group manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group overall strategy remains unchanged during the year.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and balance its overall capital structure through the payment of dividends and injection of capital.

The Group's adjusted debt-to-asset ratio at the end of the current and previous reporting periods was as follows:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Total liabilities	**58,079**	44,991
Total assets	**25,549**	22,949
Debt-to-asset ratio	**227.3%**	196.0%

5. OPERATING SEGMENT

Information reported internally to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group is principally engaged in food and beverage and entertainment industry. A single management team reports to the chief operating decision makers who comprehensively manages such entire business segment. Accordingly, the Group does not have separately reportable segments.

Information about geographical areas

The Group's business and non-current assets are located in Hong Kong. The Group's revenue from external customers based on the location of the customers is detailed as below:

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Hong Kong	**123,288**	95,747

The Group's locations of non-current assets are detailed as below:

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Hong Kong	**16,517**	14,541

Information about major customers

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue for both years.

6. REVENUE

Revenue represents the amounts received or receivable from the sales of food, beverage and other products, revenue from event organising (including sponsorship income, entrance fees income, events rental income and cloakroom income).

An analysis of the Group's revenue for the year is as follows:

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Revenue from contracts with customers:		
Recognised at a point in time		
Sales of food, beverage and other products	86,686	95,747
Event organising income	36,602	–
	123,288	95,747

Performance obligations for contracts with customers and revenue recognition policies

Revenue from sales of food, beverage and other products is recognised at the point in time when control of the products has transferred, being at the point the products are delivered to the customer and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Event organising income included sponsorship income, entrance fees income, events rental income and cloakroom income. Sponsorship income is recognised at the point in time when the promotion events have been held or the services have been rendered, and it is probable that the sponsorship income will be granted and the amount can be measured reliably. Entrance fees income, events rental income and cloakroom income are recognised when the services have been provided to the customers.

A receivable is recognised when the products or services are delivered and the customers accept the products or services, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

7. OTHER INCOME AND GAIN

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Net foreign exchange gain (loss)	36	(280)
Consultancy and management fee income	13	90
Rents refund	–	226
Waive of other payables (Note (b))	–	821
Waive of interest expenses (Note (b))	–	4,751
Others (Note (a))	281	25
Other interest income	69	–
Reversal of accured expense	869	413
	1,268	6,046

Notes:

(a) Others mainly included bank interest income of approximately HK$19,000 (2023: HK$1,000), rental income from third party of approximately HK$91,000 (2023: nil) and sundry income of approximately HK$171,000 (2023: HK$24,000).

(b) During the year ended 31 December 2023, the Group entered the settlement agreements with other creditors from defaulted convertible loan of HK$8,405,000, defaulted convertible promissory note of HK$13,715,000 and interest payables of HK$6,849,000, and agreed to discharge the balances of HK$18,177,000, the remaining amount of HK$821,000 and HK$4,751,000 represent the amounts of waive of other payables and waive of interest expense. The direct transaction cost incurred in the settlement agreements was HK$3,816,000. The remaining outstanding balance of HK$1,404,000 was recognised in other payables.

8. FINANCE COSTS

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Default interest on convertible loans	–	1,958
Interest on bank loans	636	748
Interest on lease liabilities	513	760
Interest on provision for reinstatement costs	44	–
Others	160	268
	1,353	3,734

9. PRINCIPAL SUBSIDIARIES

The following is a list of principal subsidiaries as at 31 December 2024 and 2023:

Name of subsidiaries	Place of incorporation	Place of operations	Issued and paid up capital/ contributed capital	Proportion of effective equity interests held by the Company				Principal activities
				Directly 2024	Directly 2023	Indirectly 2024	Indirectly 2023	
Luk Hing Investment (Hong Kong) Limited	Hong Kong	Hong Kong	HK$1	100%	–	–	100%	Organising music-related events
Luk Hing Group Development (China) Limited (Note (i))	Hong Kong	The PRC	HK$100	–	–	–	–	Operating of clubbing business
Luk Hing Capital Limited (iii)	Hong Kong	Hong Kong	HK$100	–	–	–	100%	Money lending business
Betula Profit Holdings Limited ("Betula")	Hong Kong	Hong Kong	HK$20,000,000	–	–	69%	69%	Catering business
Unicorn Century Limited (ii)	Hong Kong	Hong Kong	HK$100	–	–	–	100%	Catering business
珠海陸慶文化發展有限公司* (Note (i))	The PRC	The PRC	HK$20,000,000	–	–	–	–	Investment holding
珠海横琴陸慶樺霖文化產業投資有限公司*	The PRC	The PRC	RMB$20,000,000	–	–	100%	100%	Investment holding
Zhuhai Ruiye# (Note (i))	The PRC	The PRC	RMB$20,000,000	–	–	–	–	Operating of clubbing business
Hou Tin Zaak Limited	Hong Kong	Hong Kong	HK$1,000,000	–	–	69%	69%	Catering business
Luk Hing International Limited (iv)	The British Virgin Island ("BVI")	Macau	USD1	–	100%	–	–	Investment holding
L&B Betula Limited	The BVI	Hong Kong	USD1,000	–	–	81%	81%	Investment holding
Oasis Capital International Limited (Note (i))	Hong Kong	Hong Kong	HK$15,038,752	–	–	–	–	Investment holding

* Registered as a wholly-foreign owned enterprises under the PRC Law.

Limited liability company established in the PRC.

Note:

(i) The subsidiaries was disposed on 29 December 2023. Further details please refer to Note 36.

(ii) The subsidiary was disposed on 17 May 2024. Further details please refer to Note 36.

(iii) The subsidiary was disposed on 8 October 2024.

(iv) The subsidiary was disposed on 30 December 2024. Further details please refer to Note 36.

9. PRINCIPAL SUBSIDIARIES *(Continued)*

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

Detail of non-wholly owned subsidiaries that have material non-controlling interests:

Name of company	Place of incorporation/ registration and operation	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
		HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Zhuhai Ruiye	The PRC	**–**	–*	**–**	(1,596)	**–**	–
Betula	Hong Kong	**31%**	31%	**(168)**	2,733	**(4,114)**	3,946

* The Group disposed all ownership interest of Zhuhai Ruiye on 29 December 2023.

Summarised financial information in respect of each of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Zhuhai Ruiye

	As at 31 December 2023 HK$'000
Current assets	–
Non-current assets	–
Current liabilities	–
Non-current liabilities	–
Equity attributable to owners of the Company	–
Non-controlling interests	–

9. PRINCIPAL SUBSIDIARIES *(Continued)*

Zhuhai Ruiye *(Continued)*

	Period ended 29 December 2023 HK$'000
Revenue	–
Expenses	(4,657)
Loss for the year	(4,657)
Loss attribute to owners of the Company	(3,061)
Loss attribute to non-controlling interests	(1,596)
Loss for the year	(4,657)
Total comprehensive expense attributable to owners of the Company	(1,599)
Total comprehensive expense attributable to non-controlling interests	(833)
Total comprehensive expense for the year	(2,432)
Net cash flows used in operating activities	(687)
Net cash outflow	(687)

9. PRINCIPAL SUBSIDIARIES *(Continued)*

Betula Profit Holdings Limited

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Current assets	**25,563**	28,476
Non-current assets	**16,309**	5,617
Current liabilities	**(25,090)**	(20,590)
Non-current liabilities	**(4,012)**	–
Equity attributable to owners of the Company	**16,884**	17,449
Non-controlling interests	**(4,114)**	(3,946)

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Revenue	**60,390**	73,506
Expenses	**(60,940)**	(65,258)
(Loss)/profit and total comprehensive (expense) income for the year	**(550)**	8,248
(Loss)/profit and total comprehensive (expense) income attributable to owners of the Company	**(382)**	5,515
(Loss)/profit and total comprehensive (expense) income attributable to non-controlling interests	**(168)**	2,733
(Loss)/profit and total comprehensive (expense) income for the year	**(550)**	8,248
Net cash flows generated from operating activities	**11,015**	10,543
Net cash flows used in investing activities	**(236)**	(663)
Net cash flows used in financing activities	**(10,809)**	(9,965)
Net cash outflow	**(30)**	(85)

10. TAXATION

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Current tax		
– Hong Kong Profits Tax	–	183
– The PRC Enterprise Income Tax (the "EIT")	–	–
	–	183

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

The two-tiered profits tax rates regime is applicable to the Group for the years ended 31 December 2024 and 2023.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI during the years ended 31 December 2024 and 2023.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

At the end of the reporting period, no deferred tax asset has been recognised in relation to deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group has estimated unused tax losses of appropriately HK$48,557,000 (2023: HK$57,457,000) available for offset against future profits that may be carried forward indefinitely. Tax losses of approximately HK$827,000 (2023: HK$1,486,000) will expire after five years from the year of assessment they related to. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

10. TAXATION *(Continued)*

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

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
(Loss)/profit before taxation	**(11,157)**	16,090
Tax at the applicable income tax rate	**(1,686)**	2,124
Tax effect of temporary difference not recognized	**280**	382
Tax effect of expenses not deductible for tax purpose	**3,614**	11,392
Tax losses not recognized	**232**	1,462
Tax effect of non-taxable income	**(2,435)**	(14,002)
Utilisation of previously unrecognised tax losses	**–**	(1,009)
Tax concession	**(5)**	(166)
Taxation for the year	**–**	183

11. (LOSS)/PROFIT BEFORE TAXATION

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
(Loss)/profit before taxation has been arrived at after charging/(crediting):		
Staff costs:		
Directors' emoluments (included retirement scheme contributions)	1,705	2,080
Salaries and other benefits	28,650	32,318
Retirement benefits scheme contributions	1,038	1,280
	31,393	35,678
Auditors' remuneration:	700	550
Cost of inventories sold	25,455	26,853
Impairment losses under expected credit loss ("ECL") model, net of reversal:		
– account and other receivables	3,765	368
Fair value change of financial assets at FVTPL	(638)	(145)
Bad debt written off*	–	5,279
Loss on financial guarantees (Note (i))*	–	2,206
Provision for legal claim (Note (ii))*	–	1,988
Utilities*	2,435	2,128
Legal and professional fee*	8,011	4,109
Entertainment and travelling*	2,118	329
Repair and maintenance*	469	746
Uniform and cleaning*	1,700	1,360
Bank charges*	90	96
Impairment losses on plant and equipment	215	–
Impairment losses on right-of-use assets	433	–

11. (LOSS)/PROFIT BEFORE TAXATION *(Continued)*

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
(Loss)/profit before taxation has been arrived at after charging/(crediting): *(Continued)*		
Short term leases#	6,342	1,018
Profit sharing for lease payment (Note (iii))#	129	1,369
Depreciation of plant and equipment	2,503	3,838
Depreciation of right-of-use assets	10,513	9,434
	13,016	13,272

* These items were grouped under other operating expense.

\# These items were grouped under property rentals and related expenses.

Notes:

(i) The Company had the financial guarantee for the bank loans of an associate, Luk Hing Mandarin Limited, and the former subsidiary, Luk Hing Investment Limited, the management considered not highly probable to settle the financial guarantees for the year ended 31 December 2022.

During the year ended 31 December 2023, an associate and the former subsidiary failed to repay the bank loans, with the total amount of HK$2,206,000 and the Company had an obligation to settle the financial guarantees. The former subsidiary was disposed on 23 December 2022.

(ii) Provision for legal claim was represented by the provision of Zhuhai Ruiye's litigation cases. The litigation cases were mainly related to labour disputes and business disputes.

(iii) Profit sharing for lease payment was the contingent rental depending on the net profit of the restaurant, net of royalty and provision for fixed assets maintenance, pursuant to the term and conditions as set out in the respective agreement.

12. DIRECTORS', EMPLOYEES' EMOLUMENTS

The aggregate amounts of emoluments paid by the companies now comprising the Group to the directors of the Company during the reporting period are as follows:

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Directors' fees	374	351
Salaries and other benefits	1,308	1,696
Retirement schemes contributions	23	33
	1,705	2,080

(a) Directors' and chief executive's emoluments

Details of the emoluments paid or payable to the directors and chief executive of the Group during the years ended 31 December 2024 and 2023 are as follows:

For the year ended 31 December 2024

	Fees HK$'000	Salaries, allowances and benefits kind HK$'000	Performance related bonus HK$'000	Retirement scheme contributions HK$'000	Total remuneration HK$'000
Executive directors					
Mr. Choi Siu Kit	–	1,200	–	18	1,218
Mr. Patrick Ting (Note (vi))	14	–	–	–	14
Mr. Ying Kan Man (Note (xi))	–	108	–	5	113
Independent non-executive directors					
Mr. Mak Kwok Kwan Terence (Note (ix))	120	–	–	–	120
Ms. Tse Mei Ling (Note (v))	120	–	–	–	120
Ms. Woo Man Hung (Note (viii))	120	–	–	–	120
Mr. Lynch Stephen Joseph Chor (Note (xii))	–	–	–	–	–
	374	1,308	–	23	1,705

12. DIRECTORS', EMPLOYEES' EMOLUMENTS *(Continued)*

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

For the year ended 31 December 2023

	Fees HK$'000	Salaries, allowances and benefits kind HK$'000	Performance related bonus HK$'000	Retirement scheme contributions HK$'000	Total remuneration HK$'000
Executive directors					
Mr. Choi Yat Hon (Note (i))	–	528	–	14	542
Mr. Choi Siu Kit	–	1,050	–	18	1,068
Mr. Yeung Chi Shing (Note (vii))	–	29	–	1	30
Mr. Patrick Ting (Note (vi))	–	89	–	–	89
Non-executive directors					
Mr. Au Ka Wai (Note (x))	–	–	–	–	–
Independent non-executive directors					
Mr. Mak Kwok Kwan Terence (Note (ix))	39	–	–	–	39
Mr. Wong Chung Wai (Note (iv))	63	–	–	–	63
Ms. Tse Mei Ling (Note (v))	116	–	–	–	116
Mr. Ip Hoi Fan (Note (ii))	91	–	–	–	91
Mr. Chan Wai (Note (iii))	3	–	–	–	3
Ms. Woo Man Hung (Note (viii))	39	–	–	–	39
	351	1,696	–	33	2,080

Notes:

(i) Mr. Choi Yat Hon is also the Chief Executive of the Group and his emoluments disclosed above include those for the services rendered by him as the Chief Executive. Mr. Choi Yiu Ying had changed his name to Mr. Choi Yat Hon with effect from 1 February 2023. Mr. Choi Yat Hon was resigned as an executive director with effect from 3 October 2023.

(ii) Mr. Ip Hoi Fan was appointed as an independent non-executive director with effect from 6 May 2022 and resigned as an independent non-executive director with effect from 3 October 2023.

(iii) Mr. Chan Wai was appointed as an independent non-executive director with effect from 20 June 2022 and resigned as an independent non-executive director with effect from 9 January 2023.

(iv) Mr. Wong Chung Wai was appointed as an independent non-executive director with effect from 10 January 2023 and resigned as an independent non-executive director with effect from 4 September 2023.

(v) Ms. Tse Mei Ling was appointed as an independent non-executive director with effect from 13 January 2023.

(vi) Mr. Patrick Ting was appointed as an executive director with effect from 21 April 2023 and resigned as an executive director on 8 February 2024.

12. DIRECTORS', EMPLOYEES' EMOLUMENTS *(Continued)*

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

Notes: *(Continued)*

(vii) Mr. Yeung Chi Shing was resigned as an executive director with effect from 21 April 2023.

(viii) Ms. Woo Man Hung was appointed as an independent non-executive director with effect from 4 September 2023.

(ix) Mr. Mak Kwok Kwan Terence was appointed as an independent non-executive director with effect from 4 September 2023 and resigned as an independent non-executive director with effect from 31 December 2024.

(x) Mr. Au Ka Wai was resigned as a non-executive director with effect from 3 October 2023.

(xi) Mr. Ying Kan Man was appointed as executive director with effect from 2 April 2024.

(xii) Mr. Lynch Stephen Joseph Chor was appointed as independent non-executive director with effect from 31 December 2024.

(b) Employees' emoluments

The five highest paid individuals during the year included 1 director (2023: 2 directors) whose emoluments are disclosed in above. The aggregate of the emoluments in respect of the other 4 individuals (2023: 3 individuals) with the highest emoluments are as follows:

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Salaries, allowances and benefits in kind	**2,744**	2,162
Retirement scheme contributions	**72**	45
	2,816	2,207

The emoluments of the other 4 individuals (2023: 3 individuals) with the highest emoluments are within the following bands:

	Year ended 31 December 2024	Year ended 31 December 2023
Nil to HK$1,000,000	**4**	3

12. DIRECTORS', EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments *(Continued)*

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the directors of the Company or the chief executive of the Group or the five highest paid employees or senior managements as an inducement to join or upon joining the Group or as compensation for loss of office. None of the non-director, highest paid employees and senior management waived or agreed to waive any emoluments during the years ended 31 December 2024 and 2023. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join the Group or as compensation for loss of office other than those disclosed above. In addition, during the years ended 31 December 2024 and 2023, no directors waived any emoluments.

13. DIVIDENDS

No dividend has been paid or proposed by the Company since its date of incorporation. The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

14. (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:

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share	**(9,365)**	14,899
	'000	'000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**548,256**	367,004
Effect of dilutive potential ordinary shares:		
Options	**–***	2,098
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**548,256**	369,102

* Diluted loss per share for the year ended 31 December 2024 was the same as basic loss per share because the outstanding share option had an anti-dilutive effect on the basic loss per share.

The weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share has been adjusted for the consolidation of shares on 4 July 2023. Details of consolidation of shares are set out in the Note 28.

15. PLANT AND EQUIPMENT

	Motor vehicles HK$'000	Security surveillance-camera system HK$'000	Furniture, fixtures and equipment HK$'000	Tableware HK$'000	Leasehold improvement HK$'000	Total HK$'000
Cost						
As at 1 January 2023	580	176	9,710	1,786	25,385	37,637
Additions	–	–	823	300	–	1,123
As at 31 December 2023 and 1 January 2024	580	176	10,533	2,086	25,385	38,760
Additions	–	–	156	144	–	300
Written-off	(580)	–	(481)	–	–	(1,061)
As at 31 December 2024	–	176	10,208	2,230	25,385	37,999
Accumulated depreciation						
As at 1 January 2023	580	137	7,932	1,207	20,966	30,822
Charge for the year	–	25	1,031	230	2,552	3,838
As at 31 December 2023 and 1 January 2024	580	162	8,963	1,437	23,518	34,660
Charge for the year	–	14	710	248	1,531	2,503
Elimination of written-off	(580)	–	(481)	–	–	(1,061)
Impairment losses	–	–	39	33	143	215
As at 31 December 2024	**–**	**176**	**9,231**	**1,718**	**25,192**	**36,317**
Net book values						
As at 31 December 2024	**–**	**–**	**977**	**512**	**193**	**1,682**
As at 31 December 2023	–	14	1,570	649	1,867	4,100

In view of there are impairment indicators noted from segments, the Group performed impairment assessment of the plant and equipment and right-of-use assets. The recoverable amount is the higher of fair value less costs of disposal and value in use.

For the year ended 31 December 2023, the recoverable amount of plant and equipment and right-of-use assets were higher than the carrying amount, no impairment loss was provided.

For the year ended 31 December 2024, the Group has performed impairment assessment on plant and equipment and right-of-use assets. Restaurants were loss making during the year and one of the restaurants has been ceased its operation on 24 March 2025. Impairment assessment is performed on such restaurants which are considered as an impairment indicators for the year ended 31 December 2024.

15. PLANT AND EQUIPMENT *(Continued)*

The recoverable amount of cash-generating units have been determined based on value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the respective subsidiary covering the remaining leasing period with a pre-tax discount rate is 12.6% to 30.5% as at 31 December 2024, respectively. The annual growth rate used is 2.5%, which is based on the human resources capacity and future business plan. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the cash-generating units' past performance and management expectations for the market development.

Based on the result of the assessment, the management of the Group determined that the recoverable amounts of some CGU are lower than their carrying amounts. Based on the value-in-use calculation, the impairment losses of approximately HK$215,000 and HK$433,000 have been recognised against the carrying amounts of plant and equipment and right-of-use assets for the year ended 31 December 2024 (2023: nil), which have been recognised in profit or loss.

16. INTANGIBLE ASSETS

	HK$'000
Cost	
As at 1 January 2023	130
Eliminated on disposal of a subsidiary (Note 36)	(130)
As at 31 December 2023 and 2024	–
Accumulated amortisation	
As at 1 January 2023, 31 December 2023 and 2024	–
Net book values	
As at 31 December 2023 and 2024	–

For the year ended 31 December 2023, the intangible assets included vehicle registration marks. The directors of the Company estimated the useful lives of the vehicle registration marks is infinite and is renewable every 5 years at minimal cost. The directors of the Company are of the opinion that the Group would renew the vehicle registration mark continuously and has the ability to do so.

During the year ended 31 December 2023, the intangible assets were being disposed together with subsidiaries. Details of disposed of a subsidiary are set out in the Note 36.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Life insurance policy	**–**	6,354

The Group entered into life insurance policies with an insurance company to insure against the death and permanent disability of Mr. Choi Siu Kit, the executive director of the Company. Under the policies, the beneficiary and policy holder is the Company, and the total insured sum is approximately HK$6,000,000. The contracts will be terminated on the occurrence of the earliest of the death of the executive director insured or other terms pursuant to the contracts. The Company has paid out the total insurance premium with an aggregate amount of approximately HK$6,000,000 at the inception of the policies. The Group may request a surrender of the contracts at any time and receive cash back based on the cash value at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged (the "Cash Value"). On 19 September 2024, the Group surrendered the life insurance policy with the value of approximately HK$6,992,000.

18. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

Right-of-use assets

	2024 HK$'000	2023 HK$'000
As at 1 January	**4,087**	13,521
Addition	**408**	–
Lease modification	**18,714**	–
Depreciation provided during the year	**(10,513)**	(9,434)
Impairment losses during the year	**(433)**	–
As at 31 December	**12,263**	4,087

The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

During the year ended 31 December 2024, the Group leases 5 (2023: 2) properties for the operation of restaurant and staff quaters. Lease contracts are entered into for fixed term of 1 to 2 (2023: 2) years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. 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.

Details of impairment assessment on right-of-use assets are set out in the Note 15.

18. RIGHT-OF-USE ASSETS/LEASE LIABILITIES *(Continued)*

Lease liabilities

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Analysed as		
– Current	**8,764**	4,652
– Non-current	**4,012**	–
	12,776	4,652

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Minimum lease payments due		
– Within one year	**9,174**	4,749
– More than one year but not later than two years	**4,070**	–
	13,244	4,749
Less: Future finance charges	**(468)**	(97)
Present value of lease liabilities	**12,776**	4,652

The weighted average incremental borrowing rates applied to lease liabilities range was at 3.88% to 5.15% (2023: 5.15%).

19. INVENTORIES

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Food and beverages	**321**	487

20. ACCOUNT AND OTHER RECEIVABLES AND DEPOSITS

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Account receivables	**3,748**	2,408
Less: Allowance for ECL	**(3,118)**	(883)
	630	1,525
Other receivables	**3,176**	2,909
Less: Allowance for ECL	**(2,776)**	(2,493)
	400	416
Prepayments	**1,789**	614
Deposits	**5,227**	4,680
Less: Allowance for ECL	**(735)**	(160)
	4,492	4,520
	7,311	7,075
Less: Portion classified as non-current – Deposits	**(2,572)**	–
Current portion	**4,739**	7,075

For account receivables, the Group allows credit period of within 60 days which are agreed with its debtors.

The Group seeks to maintain strict control over its outstanding receivables. Long outstanding balances are reviewed regularly by senior management. In view of the aforementioned and the fact that account receivables of the Group relate to a large number of diversified customers, there is no significant concentration of credit risk. Account receivables are non-interest-bearing.

20. ACCOUNT AND OTHER RECEIVABLES AND DEPOSITS *(Continued)*

The following is an aged analysis of account receivables, net of allowance for ECL, presented based on the invoice date at the end of the reporting period:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
0 to 30 days	**626**	1,396
31 to 60 days	**4**	44
61 to 90 days	**–**	85
	630	1,525

The Group's account receivables mainly represented VIP customer receivables and the credit card sales receivables.

In determining the recoverability of account and other receivables, the Group considers any change in the credit quality of the account and other receivables from the date credit was initially granted up to the end of each reporting period.

As at 31 December 2024, the Group's prepayments mainly represent prepayments for license fee of the music festival approximately HK$1,100,000 (2023: legal and professional fee of approximately HK$189,000).

As at 31 December 2024, the Group's deposits mainly represent rental deposits of approximately HK$3,866,000 (2023: HK$3,859,000).

21. LOAN RECEIVABLES

Loan receivables arise from the Group's prior Money Lending Business which grants loans to entities in the food and beverage and entertainment industry. The gross loan receivables of approximately HK$3,450,000 were carrying interest at 10% per annum from 31 December 2021. The loan receivables were recoverable according to repayment schedules, normally with contractual maturity within one year.

As at 31 December 2024, the Group's loan receivables of approximately HK$3,450,000 (2023: HK$3,450,000) which are past due 90 days or more. The directors of the Company consider credit risks have increased significantly for those past due more than 90 days and consider that the debtors were in financial difficulties. The Company has taken legal action against the individual to recover the outstanding receivables and considered the recoverability is remote. The loan receivables are considered as credit-impaired with ECL fully provided.

Included in the carrying amount of loan receivables as at 31 December 2024 is accumulated impairment losses of approximately HK$3,450,000 (2023: HK$3,450,000). Details of impairment assessment are set out in Note 4(b).

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Loan receivables, gross	3,450	3,450
Less: Allowance for ECL	(3,450)	(3,450)
Loan receivables, net	–	–

Details of impairment assessment under ECL are set out in Note 4(b).

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents

Cash and cash equivalents were denominated in the following currencies:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
HK$	3,959	773
RMB	13	73
	3,972	846

Cash and cash equivalents carry interest at 0.01% to 0.25% market rates per annum for the year ended 31 December 2024 (2023: 0.01% to 0.875%).

23. INVESTMENT IN AN ASSOCIATE

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Cost of investment in an associate	–	1,989
Share of post-acquisition losses and other comprehensive expense, net of dividend received	–	(1,989)
	–	–

The following list contains only the particulars of an associate, of which is an unlisted corporate entity, which principally affected the results or assets of the Group:

Name of associate	Place of incorporation/ operations	Particulars of issued and paid up share capital	Proportion of ownership interests Group's effective interests	Held by the Company	Held by a subsidiary	Principal activity
LH Mandarin	Hong Kong	7,992,000 shares of HK$1 each	– (2023: 29.73)	– (2023: –)	– (2023: 29.73)	Catering business

Note: LH Mandarin was held by L&B Mandarin Limited. On 30 December 2024, the Group had disposed the subsidiary, Luk Hing Mandarin Holdings Limited and its subsidiaries, L&B Mandarin Limited, the Group has no ownership interest on LH Mandarin.

23. INVESTMENT IN AN ASSOCIATE *(Continued)*

Aggregate information of the associate that is not individually material

	Period ended 30 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
The Group's share of (loss)/profit	(1)	84
The Group's share of total comprehensive (expense)/income	(1)	84

	Period ended 30 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
The unrecognised share of (loss)/profit of an associate for the period/year	(1)	84

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Cumulative unrecognised share of loss of an associate	–	(5,284)

24. INVESTMENT IN JOINT VENTURES

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Cost of investment in joint ventures	–	1,440
Share of post-acquisition profits and other comprehensive expense	–	(1,440)
	–	–

24. INVESTMENT IN JOINT VENTURES *(Continued)*

Details of each of the Group's joint ventures at the date of disposal are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group 2024	2023	Principal activity
萬慶娛槳策劃(廣州)有限公司	PRC	PRC	–	50%	Property management business (Note)
Cubic Immersive Limited	Hong Kong	Hong Kong	–	50%	Investment holding (Note)

Note: Both companies are dormant during the year. On 30 December 2024, the Group disposed the interest of Unicorn Century Holdings Limited and loss of control on both joint ventures.

Aggregate information of joint ventures that are not individually material

	Period ended 30 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
The Group's share of loss	**(5)**	(10)
The Group's share of other comprehensive income for the period/year	**–**	1
The Group's share of total comprehensive expense	**(5)**	(9)

	Period ended 30 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
The unrecognised share of loss of a joint ventures for the period/year	**–**	(7)

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Cumulative unrecognised share of loss of a joint ventures	**–**	(7)

25. ACCOUNT AND OTHER PAYABLES

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Account payables	**4,004**	2,989
Rental payables	**1,813**	599
Other payables	**18,758**	9,132
Loan from directors (Note (i))	**750**	750
Loan from shareholders (Note (ii))	**1,825**	1,082
Accruals	**6,834**	4,764
Other tax payable	**839**	–
	34,823	19,316

The credit period on account payables are generally within 45 days.

The other loans disclosed in Note 35 were represented by loan from directors of approximately HK$750,000 (2023: HK$750,000), loan from shareholders of approximately HK$1,825,000 (2023: HK$1,082,000), defaulted convertible promissory notes included in other payables of approximately HK$1,404,000 (2023: HK$1,404,000) and interest payables included in other payables of approximately HK$155,000 (2023: HK$504,000).

Notes:

(i) As at 31 December 2024, the amount of approximately HK$750,000 (2023: HK$750,000) was represented loan from directors was unsecured, with annual interest at 5.25% and repayable within 1 year.

(ii) As at 31 December 2024, the amount of approximately HK$365,000 (2023: HK$572,000) represented loan from shareholders of a subsidiary of the Group was unsecured, interest-free, and repayable on demand.

As at 31 December 2024, the amount of approximately HK$360,000 (2023: HK$360,000) represented loan from shareholders of the Group was unsecured, interest-free, and repayable on demand.

As at 31 December 2024, the amount of approximately HK$100,000 (2023: HK150,000) represented loan from shareholders of the Group was unsecured, with annual interest at 5.25% and repayable on demand.

As at 31 December 2024, the amount of approximately HK$1,000,000 (2023: nil) represented loan from shareholder of the Group was unsecured, with annual interest at 5.25% and repayable on demand.

25. ACCOUNT AND OTHER PAYABLES *(Continued)*

Included in account payables are creditors with the following ageing analysis, based on the invoice date, as of the end of the reporting period:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
0–30 days	**1,401**	856
31–60 days	**691**	709
61–90 days	**528**	4
91 to 120 days	**1,384**	1,420
	4,004	2,989

26. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests are unsecured, interest-free and repayable over one year.

27. PROVISION FOR REINSTATEMENT COSTS

	2024 HK$'000	2023 HK$'000
As at 1 January	**1,565**	1,565
Utilisation	**(110)**	–
Interest expenses	**44**	–
As at 31 December	**1,499**	1,565
Less: Non-current portion	**(663)**	–
Current portion	**836**	1,565

Provision for reinstatement costs is recognised for the costs to be incurred for the reinstatement of the properties used by the Group for its operations upon expiration of the relevant leases. As at 31 December 2024, the Group expected that the total undiscounted costs required in the future would amount to approximately HK$1,565,000 (2023: HK$1,565,000).

28. SHARE CAPITAL

The share capital of the Group as at 31 December 2024 and 2023 represented the share capital of the Company. Movements of the share capital of the Company are as follows:

	2024		2023	
	Number shares '000	Nominal value HK$'000	Number of shares '000	Nominal value HK$'000
Authorised				
Ordinary share of HK$0.01 each (before share consolidation) and HK$0.1 each (after share consolidation)				
As at 1 January	1,000,000	100,000	10,000,000	100,000
Share consolidation (Note (iii))	–	–	(9,000,000)	–
As at 31 December	1,000,000	100,000	1,000,000	100,000
Issued and fully paid				
At 1 January	548,256	54,826	2,290,400	22,904
Ordinary shares issued (Note (i) and (ii))	–	–	725,008	31,922
Share consolidation (Note (iii))	–	–	(2,467,152)	–
At 31 December	548,256	54,826	548,256	54,826

Notes:

(i) On 24 February 2023, the Company entered into the placing agreement ("the Placing Agreement") with Sanston Financial Group Limited (the "Placing Agent"), pursuant to which the Placing Agent had agreed to place, and the Company has conditionally agreed to allot and issue, a total of 450,880,000 shares of HK$0.016 each for a cash consideration of approximately HK$7,214,000 to independent third parties ("the Placing"). Further details were set out in the Company's announcement dated 24 February 2023. Completion of the Placing took place on 17 March 2023 pursuant to the terms and conditions of the Placing Agreement. The 450,880,000 placing shares represent approximately 19.69% and 16.45% of the issued share capital of the Company immediately before and after the completion of the Placing. The shares issued rank pari passu in all respects with the then existing shares. The net proceeds of the Placing are approximately HK$6,876,000. Proceeds of approximately HK$4,509,000, representing the par value of the shares issued, were credited to the share capital of the Company and the remaining proceeds of approximately HK$2,367,000 net of share issue expense were credited to the share premium account. The net proceeds have been fully utilised.

(ii) On 18 August 2023, the Company issued 274,128,000 ordinary shares at a subscription price of HK$0.16 per rights share, in connection with the rights issue on the basis of one rights share for every one share held by the qualifying shareholders on the record date (the "Rights Issue"), resulting in net proceeds of HK$40.9 million. Accordingly, the number of issued shares of the Company increased from 274,128,000 shares to 548,256,000 shares. Details of the Rights Issue are set out in the Company's circular dated 9 June 2023, the prospectus dated 14 July 2023 and the Company's announcement dated 4 August 2023 and 18 August 2023.

(iii) On 4 July 2023, 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 4 July 2022, 2,741,280,000 shares in the issued share capital of the Company were consolidated into 274,128,000 consolidated shares. Details of the Share Consolidation are set out in the Company's announcements dated 6 April 2023 and the Company's circular dated 9 June 2023.

29. BANK LOANS

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
The carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**2,438**	2,335
Within a period of more than one year but not exceeding two years	**985**	8,721
Within a period of more than two years but not exceeding five years	**2,689**	2,727
Over 5 years	**2,686**	3,652
	8,798	17,435

As at 31 December 2024, the bank loans bear interest rate range from 3.00% to 3.38% per annum (2023: range from 3.08% to 6.52% per annum).

The weighted average effective interest rate of bank loans as at 31 December 2024 was approximately 3.00% (2023: 4.67%).

As at 31 December 2024, the bank loans were unsecured and personal guaranteed by the director of the Group and Shareholders of the Group and its subsidiaries and no bank loan was pledged by the Group's assets (2023: approximately HK$5,100,000 pledged by the financial assets at FVTPL).

30. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

(a) Statement of Financial Position

	Notes	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Assets			
Non-current asset			
Investment in subsidiaries	9	552	–
Financial assets at FVTPL		–	6,354
		552	6,354
Current assets			
Account and other receivables		–	330
Amounts due from subsidiaries		–	1
Cash and cash equivalents		29	64
		29	395
Liabilities			
Current liabilities			
Account and other payables		8,670	6,974
Bank loans		–	5,100
Financial guarantees		4,839	2,827
		13,509	14,901
Net current liabilities		(13,480)	(14,506)
Total assets less current liabilities		(12,928)	(8,152)
Net liabilities		(12,928)	(8,152)
Equity and reserves			
Share capital	28	54,826	54,826
Reserves	30(b)	(67,754)	(62,978)
		(12,928)	(8,152)

The financial statements were approved and authorised for issue by the Board of Directors on 20 June 2025 and signed on its behalf by:

Choi Siu Kit
Director

Ying Kan Man
Director

30. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY *(Continued)*

(b) Reserve

	Share premium HK$'000	Share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 January 2023	79,169	756	(131,901)	(51,976)
Loss and total comprehensive expense for the year	–	–	(26,785)	(26,785)
Cancelled of share options	–	(91)	91	–
Issue of shares	19,153	–	–	19,153
Transaction cost attributable to issue of new shares	(3,370)	–	–	(3,370)
As at 31 December 2023 and 1 January 2024	94,952	665	(158,595)	(62,978)
Loss and total comprehensive expense for the year	–	–	(4,776)	(4,776)
As at 31 December 2024	**94,952**	**665**	**(163,371)**	**(67,754)**

As at 31 December 2024, the Company had no reserves available for distribution in accordance with the Company law of Cayman Islands (2023: nil).

31. RETIREMENT BENEFIT PLANS

The Group provides defined contribution plans for its employees in Macau, Hong Kong and the PRC.

The amounts charged to the consolidated statement of profit or loss which amounted to HK$1,061,000 (2023 HK$1,280,000) represents contributions payable to the plans by the Group at rates specified in the rules of the plans less forfeitures of no (2023: no) arising from employees leaving the Group prior to completion of qualifying service period.

As at 31 December 2024 and 2023, none of forfeited contributions which arose upon employees leaving the retirement plans and which are available to reduce the contributions payable in the future years for both years.

31. RETIREMENT BENEFIT PLANS *(Continued)*

Employees

Hong Kong

Qualified employees of the Group in Hong Kong are members of Mandatory Provident Fund Schemes (the "MPF Schemes") administered by independent trustees. Under the MPF Scheme, the Group and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF scheme vest immediately. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) × 2/3 × Years of service

Last monthly wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilize the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement').

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has impact on the Group's LSP liability with respect to employees that participate in MPF Scheme and the Group has accounted for the offsetting mechanism and its abolition as disclosed in Note 2.3.

PRC

The employees of the Group's operations in Mainland China are required to participate in central pension schemes operated by the local municipal governments, the assets of which are held separately from those of the Group. Contributions are made by the Group based on a percentage of the participating employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes. The Group's employer contributions vest fully once made.

32. SHARE OPTION SCHEME

A summary of the share option schemes of the Company are set out in the section headed "Share Option Schemes" in the Report of the Directors of the annual report.

The Company adopted a share option scheme on 18 October 2016 (the "Share Option Scheme"). The Share Option Scheme became effective on the date of the Company's listing (11 November 2016) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 180,000,000 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the Share Option Scheme and as at the date of this annual report. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. A grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the Option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million (or such other amount as permissible under the GEM Listing Rules from time to time), are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within such time to be determined by the Board and upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised. The exercise price of the share options shall be not less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date on which the option is offered, which must be a business day (the "Offer Date"); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the par value of the Shares.

Scheme 2018

On 2 October 2018, certain employees and consultants of the Group were granted shares options to subscribe for 30,142,308 shares at an exercise price of HK$0.061 per share. The Company adjusted the exercise price of the Share Options under Scheme 2018 and the number of Consolidated Shares falling to be issued upon the exercise of the Share Options in relation to Share Consolidation on 4 July 2023. Details of the Adjustments of the Share Option are set out in the Company's announcements dated 20 October 2023.

32. SHARE OPTION SCHEME *(Continued)*

Details of specific categories of options are as follows:

2024

Category/ name of grantee	Date of grant	Exercise Date/ period	Exercise price per share	Number of share options: Outstanding as at 1 January 2024	Grant during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Cancelled during the year ended 31 December 2024	Lapsed during the year ended 31 December 2024	Outstanding as at 31 December 2024
Employees and Consultants	2 October 2018	(Note 1)	HK$0.5921	771,180	–	–	–	–	771,180
	2 October 2018	(Note 2)	HK$0.5921	771,180	–	–	–	–	771,180
	2 October 2018	(Note 3)	HK$0.5921	451,390	–	–	–	–	451,390
	2 October 2018	(Note 4)	HK$0.5921	257,060	–	–	–	–	257,060
Total				2,250,810	–	–	–	–	2,250,810

2023

Category/ name of grantee	Date of grant	Exercise Date/ period	Exercise price per share	Number of share options: Outstanding as at 1 January 2023	Grant during the year ended 31 December 2023	Exercised during the year ended 31 December 2023	Cancelled during the year ended 31 December 2023	Share option adjustment during the year (Note 5)	Lapsed during the year ended 31 December 2023	Outstanding as at 31 December 2023
Employees and Consultants	2 October 2018	(Note 1)	HK$0.5921	7,485,000	–	–	–	(6,713,820)	–	771,180
	2 October 2018	(Note 2)	HK$0.5921	7,485,000	–	–	–	(6,713,820)	–	771,180
	2 October 2018	(Note 3)	HK$0.5921	7,485,000	–	–	(3,103,846)	(3,929,764)	–	451,390
	2 October 2018	(Note 4)	HK$0.5921	2,495,000	–	–	–	(2,237,940)	–	257,060
Total				24,950,000	–	–	(3,103,846)	(19,595,344)	–	2,250,810

Notes:

(1) Subject to fulfillment of the pre-determined vesting conditions, the shares options shall be vested and exercisable from 2 October 2018 to 1 October 2028.

(2) Subject to fulfillment of the pre-determined vesting conditions, the shares options shall be vested and exercisable from 2 October 2019 to 1 October 2028.

(3) Subject to fulfillment of the pre-determined vesting conditions, the shares options shall be vested and exercisable from 2 October 2020 to 1 October 2028.

(4) Subject to fulfillment of the pre-determined vesting conditions, the shares options shall be vested and exercisable from 2 October 2021 to 1 October 2028.

(5) The Company adjusted the exercise price of the Share Options under Scheme 2018 and the number of Consolidated Shares falling to be issued upon the exercise of the Share Options in relation to Share Consolidation on 4 July 2023. Details of the Adjustments of the Share Option are set out in the Company's announcements dated 20 October 2023.

As at 31 December 2024, the options outstanding have a weighted average remaining contractual life of 3.8 years (2023: 4.8 years).

32. SHARE OPTION SCHEME *(Continued)*

These fair values were calculated using the Binomial Model. The inputs into the model were as follows:

	Scheme 2018 HK$'000
Weighted average share price	HK$0.061
Weighted average exercise price	HK$0.061
Expected volatility	49%
Life of option	10 years
Risk free rate	2.42%
Expected dividend yield	0%

Expected volatility was determined by calculating the historical volatility of similar Company's share price over the previous 10 years. The life of the options was the contractual life of the options. Expected dividends yield are based on historical dividends.

For the year ended 31 December 2024 and 2023, no expense was recognised related to equity-settled share-based payment transactions.

33. CAPITAL COMMITMENTS

Capital commitments outstanding at the end of the reporting period contracted but not provided for in the consolidated financial statements were as follows:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Unpaid balance of capital contribution to a subsidiary in the PRC	**18,207**	29,714

34. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in these consolidated financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Compensation paid to key management personnel of the Group represented are disclosed in Note 12.

(b) During the years ended 31 December 2024 and 2023, the Group had the following transactions with related parties:

Name of related parties	Nature of transactions	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
Zone One (CS) Limited (Note (i))	Rental expenses	595	1,018
Mr. Choi Siu Kit	Loan interest	82	225
Mr. Choi Yat Hon	Loan interest	14	8

(c) As at 31 December 2024 and 2023, the Group had the following balances with related parties:

Name of related parties	Nature of balance	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Zone One (CS) Limited (Note (i))	Rental payables	765	255

Note:

(i) Zone One (CS) Limited is held by Mr. Choi Kuen Kwan and Ms. Lo Mong Yee, who are the father and the mother of Mr. Choi Yat Hon and Mr. Choi Siu Kit, who are the executive directors of the Company. Mr. Choi Yat Hon was resigned as an executive director on 3 October 2023.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities HK$'000 (Note 18)	Amounts due to non-controlling interests HK$'000 (Note 26)	Bank loans HK$'000 (Note 29)	Other loans HK$'000 (Note 25)	Total HK$'000
As at 1 January 2023	**14,757**	**10,041**	**21,605**	**34,843**	**81,246**
Changes from financing cash flows:					
Repayment of amounts due to non-controlling interests	–	(60)	–	–	(60)
Proceeds from other loans	–	–	–	166	166
Repayment of other loans	–	–	–	(27,993)	(27,993)
Repayment to bank loans	–	–	(4,170)	–	(4,170)
Repayment of lease liabilities	(10,105)	–	–	–	(10,105)
Interest element of lease rentals paid	(760)	–	–	–	(760)
Interest paid	–	–	(748)	–	(748)
Total changes from financing cash flows	(10,865)	(60)	(4,918)	(27,827)	(43,670)
Other changes:					
Interest expenses (Note 8)	760	–	748	2,226	3,734
Waive of other payables (Note 7)	–	–	–	(821)	(821)
Waive of interest expenses (Note 7)	–	–	–	(4,751)	(4,751)
Disposal of a subsidiary (Note 36)	–	(8,025)	–	–	(8,025)
Exchange alignment	–	(116)	–	70	(46)
As at 31 December 2023	**4,652**	**1,840**	**17,435**	**3,740**	**27,667**
Changes from financing cash flows:					
Proceeds from other loans	–	–	–	1,000	1,000
Repayment of other loans	–	–	–	(766)	(766)
Repayment to bank loans	–	–	(8,637)	–	(8,637)
Repayment of lease liabilities	(10,798)	–	–	–	(10,798)
Interest element of lease rentals paid	(513)	–	–	–	(513)
Interest paid	–	–	(636)	–	(636)
Total changes from financing cash flows	(11,311)	–	(9,273)	234	(20,350)
Other changes:					
Transfer to other payable	–	(1,840)	–	–	(1,840)
New lease entered	405	–	–	–	405
Lease modification	18,517	–	–	–	18,517
Interest expenses (Note 8)	513	–	636	160	1,309
As at 31 December 2024	**12,776**	**–**	**8,798**	**4,134**	**25,708**

36. DISPOSAL OF SUBSIDIARIES

Year 2024

a. Disposal of Unicorn Century Limited

On 17 May 2024, the Group entered into a sale and purchase agreement (the "S&P Agreement") with the director (the "Buyer"). Pursuant to the S&P agreement, the Buyer agreed to acquire 100% issued share capital in Unicorn Century Limited at the transfer consideration of approximately HK$100. After completion of the above disposal on 17 May 2024, Unicorn Centuery Limited ceased to be subsidiary of the Company.

Analysis of assets and liabilities over which control was lost:

	As at 17 May 2024 HK$'000
Other payables	(234)
Net liabilities disposed of	(234)

Consideration received

	HK$'000
Cash received*	–
Total consideration received	–

* The consideration is below HK$1,000

Gain on disposal of a subsidiary:

	HK$'000
Consideration received*	–
Net liabilities disposed of	234
Other reserve	8,046
Waiver of amount due to holding company	(8,046)
Gain on disposal	234

* The consideration is below HK$1,000

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

a. Disposal of Unicorn Century Limited *(Continued)*

Net cash flow arising on disposal:

Analysis of net cash flow in respect of the disposal of a subsidiary is as follows:

	HK$'000
Consideration received*	–
Balance balances and cash disposed of	–
	–

* The consideration is below HK$1,000

b. Disposal of Luk Hing International Limited

On 30 December 2024, the Group entered into a sale and purchase agreement (the "S&P Agreement") with the director (the "Buyer"). Pursuant to the S&P agreement, the Buyer agreed to acquire 100% issued share capital in Luk Hing International Limited at the transfer consideration of approximately US$1 (Approximately HK$7.8). After completion of the above disposal on 30 December 2024, Luk Hing International Limited ceased to be subsidiary of the Company.

Analysis of assets and liabilities over which control was lost:

	As at 30 December 2024 HK$'000
Other receivables	99
Net assets disposed of	99

Consideration received

	HK$'000
Cash received*	–
Total consideration received	–

* The consideration is below HK$1,000

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

b. Disposal of Luk Hing International Limited *(Continued)*

Loss on disposal of a subsidiary

	HK$'000
Consideration received*	–
Net assets disposed of	(99)
Other reserve	144
Waiver of amount due to holding company	(921)
Loss on disposal	(876)

* The consideration is below HK$1,000

Net cash flow arising on disposal:

Analysis of net cash flow in respect of the disposal of a subsidiary is as follows:

	HK$'000
Consideration received*	–
Balance balances and cash disposed of	–
	–

* The consideration is below HK$1,000

c. Disposal of Unicorn Century Holdings Limited

On 30 December 2024, the Group entered into a sale and purchase agreement (the "S&P Agreement") with an independent third party (the "Buyer"). Pursuant to the S&P agreement, the Buyer agreed to acquire 100% issued share capital in Unicorn Century Holdings Limited at the transfer consideration of approximately US$10 (Approximately HK$78). After completion of the above disposal on 30 December 2024, Unicorn Century Holdings Limited ceased to be subsidiary of the Company.

Analysis of assets and liabilities over which control was lost:

	As at 30 December 2024 HK$'000
Other receivables	2
Other payables	(210)
Net liabilities disposed of	(208)

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

c. Disposal of Unicorn Century Holdings Limited *(Continued)*

Consideration received

	HK$'000
Cash received*	–
Total consideration received	–

* The consideration is below HK$1,000

Gain on disposal of a subsidiary:

	HK$'000
Consideration received*	–
Net liabilities disposed of	208
Exchange reserve	112
Other reserve	225
Waiver of amount due to holding company	(225)
Gain on disposal	320

* The consideration is below HK$1,000

Net cash outflow arising on disposal:

Analysis of net cash flow in respect of the disposal of a subsidiary is as follows:

	HK$'000
Consideration received*	–
Balance balances and cash disposed of*	–
	–

* The consideration is below HK$1,000

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

Year 2023

On 29 December 2023, the Company entered into a sale and purchase agreement (the "S&P Agreement") with an independent third party (the "Buyer"). Pursuant to the S&P agreement, the Buyer agreed to acquire 100% issued share capital in Luk Hing Group Development Limited at the transfer consideration of approximately HK$8. After completion of the above disposal on 29 December 2023, Luk Hing Group Development ceased to be subsidiary of the Company.

Analysis of assets and liabilities over which control was lost:

	As at 29 December 2023 HK$'000
Intangible assets	130
Account and other receivables	647
Amounts due from non-controlling interests	1,782
Cash and cash equivalents	93
Account and other payables	(39,463)
Amounts due to non-controlling interests	(8,025)
Net liabilities disposed of	(44,836)

Consideration received

	HK$'000
Cash received*	–
Total consideration received	–

* The consideration is below HK$1,000

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

Gain on disposal of a subsidiary:

	HK$'000
Consideration received*	–
Net liabilities disposed of	44,836
Non-controlling interests	(20,249)
Exchange reserve	3,229
Other reserve	(2,663)
Gain on disposal	25,153

Net cash outflow arising on disposal:

Analysis of net cash flow in respect of the disposal of a subsidiary is as follows:

	HK$'000
Consideration received*	–
Bank balances and cash disposed of	(93)
	(93)

* The consideration is below HK$1,000

37. LITIGATION AND CONTINGENT LIABILITIES

(a) During the period from November 2024 to May 2025, Mandatory Provident Fund Schemes Authority sued Betula Profit Holdings Limited, a subsidiary of the Group, for outstanding MPF payment in total of approximately HK$917,000 and the amounts are included in "other payables". On 16 January 2025, the Group settled such payable of approximately HK$264,000 and the remaining balances of HK$653,000 is still in "other payables".

(b) On 9 December 2024, certain employees sued Hou Tin Zaak Limited, a subsidiary of the Group, for labour disputes of approximately HK$657,000 and the amounts are included in "other payables". Currently, the amounts have not been settled.

38. CHANGE IN OWNERSHIP INTEREST IN A SUBSIDIARY

During the year ended 31 December 2023, the Group acquired 7% of its interest in L&B Betula (increasing its continuing interest to 81%), 10% of its interest in both Betula Profit Holdings Limited and Hou Tin Zaak Limited (increasing their continuing interest to 69%).

39. EVENT AFTER REPORTING PERIOD

On 24 March 2025, one of restaurants under the brand name "SIXA" has been ceased its operation due to expiration of lease agreement. The potential financial impact of the ceased operation of SIXA includes a decrease in revenue from the sale of food, beverage, and other products of approximately HK$16,338,000 and the write-off of the value of plant and equipment of approximately HK$289,000. The potential financial impact is for illustrative purposes only and is not necessarily an indication of results of operations of the Group that actually would have been ceased operation of SIXA, nor is it intended to be a projection of future results.

40. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the current year presentation.

41. AUTHORISATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 20 June 2025.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group pursuant to Rule 18.33 of the GEM Listing Rules, as extracted from the published audited consolidated financial statements or published prospectus of the Company, is set out below:

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**123,288**	95,747	58,590	160,409	158,373
(Loss)/profit before taxation	**(11,157)**	16,090	(48,935)	(81,506)	(38,628)
Total comprehensive (expense)/income for the year	**(11,153)**	18,288	(46,801)	(81,944)	(38,615)

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**25,549**	22,949	41,602	111,478	225,418
Total liabilities	**58,079**	44,991	149,320	172,148	221,205
Net current liabilities	**(44,372)**	(34,743)	(122,041)	(76,318)	(20,407)
Net liabilities	**(32,530)**	(22,042)	(107,718)	(60,970)	4,213