Company Registration No. 13289422 (England and Wales)

RC365 HOLDING PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2024

COMPANY INFORMATION

Director	Chi Kit LAW, Executive Director and CEO Timothy Wai Yiu TANG, Executive Director and CFO Ajay Rajpal, Non Executive Director Robert Cairns, Non Executive Director Sunny Kwai Wan NG, Non Executive Director (resigned on 25 July 2023)
Company Number	13289422
Company Secretary	MSP Secretaries Limited 27-28 Eastcastle House London, W1W 8DH
Registered address	Cannon Place 78 Cannon Street London United Kingdom EC4N 6AF
Auditors	LB Group Limited 1 Vicarage Lane London England E15 4HF
Company Solicitors (UK)	Chan Neill Solicitors 36 Upper Brook Street London W1K 7QJ
Financial Adviser	Guild Financial Advisory Limited 382 Russell Court London WC1H 0NH
Registrars	Share Registrars Limited 3 The Millennium Centre Crosby Way Surrey GU9 7XX
Company Website	https://www.rc365plc.com/

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CHAIRMAN'S STATEMENT

I have great pleasure in presenting our audited financial statements to the shareholders of RC365 Holding Plc ("RC365", the "Company" or the "Group") for the year ended 31 March 2024.

The Group delivered year-on-year revenue growth of 30% to HK$22.0 million (2023: HK$16.9 million), reflecting increased sales across our business as well as the contribution from Mr. Meal Production Limited ("Mr. Meal") that we acquired during the year. The vast majority of Group revenue continued to be generated by our wholly-owned Regal Crown Technology Limited ("RCTech") subsidiary, where we provide cutting-edge IT support and development for payment and financial systems, including Enterprise Resource Planning ("ERP") solutions, to SME clients in Hong Kong and the ASEAN region.

However, a growing proportion of revenue is being accounted for by our newer activities, in line with our stated strategy, namely the provision of remittance and payment services, including foreign exchange and premium card solutions, by RCPAY Limited (UK) and RCPAY Limited (HK) ("RCPAY UK" and "RCPAY HK", collectively "RCPAY"), licensed payment service providers in the United Kingdom ("UK") and Hong Kong. During the year, RCPAY handled approximately HK$47.0 million (2023: HK$0.9 million) in providing payment and remittance services to clients (both individual and corporate) based in the UK and Asia.

The development of innovative products and services, as well as geographical expansion, to attract new customers remained a key focus for the Group. A number of new partnerships were established during the year to advance this goal.

Thanks to the increased revenue and improvement in gross margin to 99.6% (2023: 94.7%), operating loss was significantly reduced to HK$3.9 million (2023: HK$5.3 million). Loss before tax was HK$36.8 million (2023: HK$5.4 million), which reflects the fair value loss on an equity instrument – a non-cash expense. We are also pleased to report a cash inflow from operating activities of HK$7.5 million compared with an outflow of HK$6.0 million for 2023 and an increase in cash and cash equivalents to HK$19.3 million at year end (31 March 2023: HK$9.5 million).

Now, let's look at some of the major activities undertaken during the year in more detail.

1 Development of Artificial Intelligence

The Group entered an agreement with YouneeqAI Technical Services Inc ("YouneeqAI"), an artificial intelligence based personalisation platform that improves customer experience (YQAI: OTC US). This agreement gives RC365 the exclusive rights to YouneeqAI's platform in the UK and a right for the first refusal to purchase additional territories in the 24 months following the signing of the agreement. The consideration is to be satisfied by the issue of 6,000,000 new Ordinary Shares, of which 3,000,000 were issued on signing with the balance to be issued on or around 1 October 2024. In addition to the consideration, YouneeqAI shall receive 1% of any and all gross revenue (excluding VAT) generated from the use of the platform by RC365.

2 Development of Japan and Malaysia markets

A key development this year was our expansion into the Japanese and Malaysian markets, with RCPAY HK and RCTech successfully attracting new customers in Japan and Malaysia, forming partnerships and the Group establishing a Malaysian subsidiary. We signed agreements to issue and manage MasterCard card services for a leading enterprise in Japan and for a well-known entity in Malaysia. RCPAY HK also signed a memorandum of understanding with Koperasi Usaha Maju Kuala Berhad

(“KOMAJU”), a Malaysian organisation focused on helping its members embrace digital technology to enhance their operational efficiency. Through this partnership, we will establish a collaborative platform offering co-branded fintech solutions for corporate and SME clients, both domestically and on an international basis. The Group had successfully secured eight new customers in Malaysia and Japan as at the year end.

In addition, the Company established a new, wholly-owned subsidiary, RC365 Solutions Sdn Bhd, in Malaysia. The new entity will enable the centralisation of the IT activities undertaken across the Group as well as provide a base for further expansion in Malaysia and the ASEAN region.

3 Acquisition of Mr. Meal Production Limited

The Group acquired 100% of the issued share capital of Mr. Meal, a company providing media and advertising services in Hong Kong, for a total consideration of HK$2.0 million, satisfied by a combination of cash and the issue of new Ordinary Shares. The acquisition has assisted the Group’s entry into new rapidly growing industries and has increased public awareness of the Group’s business activities, which we intend to leverage as we expand our presence in the region.

4 Expansion of service offerings

RCPAY HK entered into agreements with Hong Kong based financial institutions, Unitrust Global Limited and Key Solution Venture Limited (“KSV”). The agreement with Unitrust Global Limited enables RCPAY HK to offer Custodian Accounts to its Hong Kong customers, attracting large corporates and high net worth clients. The agreement with KSV permits RCPAY HK to issue branded cards in association with MasterCard to Hong Kong residents. In addition to the agreements noted above with customers in Japan and Malaysia, the Company has successfully issued over 1,100 cards to date.

5 Joint development of existing mobile application

RCTech signed an agreement with an associated company of Hatcher Group Limited (“Hatcher”) for the development and upgrade of the Group’s existing RC2.0 App to an advanced RC3.0 App. The associated company of Hatcher paid HK$15.0 million on signing the agreement and, following the upgrade, the associated company of Hatcher and RC365 will be entitled to an equal share of any profit generated through the operation of the RC3.0 App. Once launched, the RC3.0 App will provide users with additional functionality, such as virtual banking facilities, enterprise resource planning and blockchain features. RC2.5 was officially launched to the market in March 2024 and it is expected that the RC3.0 App will be launched at the end of the 2024 calendar year.

6 Issuance of Convertible Loan Note

The Group entered into a Convertible Loan Note agreement with Mill End Capital for the issuance of up to GBP4.0 million. In a high inflation environment and a 30-year high lending rate, the issuance of a convertible note with zero interest rate is an attractive option in order to support the Group’s anticipated CAPEX and OPEX growth plans. As at the date of the signing of this report, RC365 has drawn down GBP1.0 million of the facility of which GBP0.5 million has been converted through the issuance of new Ordinary Shares.

Greenhouse Gas (GHG) Emissions

As the Company has not consumed more than 17,731 kWh of energy in the year period, it qualifies as a low energy user under SI 2018/1155 and is not required to report on its emissions, energy consumption or energy efficiency activities.

Strategy

Our vision remains unchanged, which is to grow our share of our existing markets, develop new capabilities and enter new geographies within the fast growing and attractive industries in which we operate.

In particular, we intend to focus on growing our presence in Japan, the ASEAN region and the UK; broaden our offering to include virtual banking and expand our card solutions; and explore new product innovations that leverage Web 3.0 and artificial intelligence. A key element in achieving this will be establishing strategic partnerships with global companies in the fintech ecosystem, which we significantly progressed during the year.

Post year-end

RCTech successfully received conditional approval from the Trade and Industry Department of the Hong Kong SAR Government for a grant of up to approximately HK$1.0 million. This grant will facilitate the Group's projects in Malaysia as we continue to expand our operations within the region.

In addition, we gained a Money Lenders Licence ("MLL") in Hong Kong, which allows us to provide money lending services to our customers and represents progress on our strategy to expand our offering into virtual banking. We expect to launch the service by the end of the current calendar year as an app-based product. We gained the MLL via the acquisition of the entire issued share capital of HC Capital Group Ltd, the licence holder, for a cash consideration of HK$0.23 million.

Outlook

The Board continues to be optimistic about the outlook for FY 2025 given the advances made during FY 2024 and our growing pipeline of potential opportunities for further growth.

Finally, we would like to take this opportunity to thank our shareholders for their continued support and we look forward to reporting on our progress as we deliver on our growth strategy.

Robert Cairns

Non-Executive Chairman

29 July 2024

STRATEGIC REPORT

The Directors present the Strategic Report of the Company for the year ended 31 March 2024.

Review of business and future developments

The Company was formed to undertake an acquisition of a controlling interest in a company or business. With the Board's experience, the Group is focused on the provision of IT Support and Security Services, Payment Gateway Solutions (online and offline), Prepaid Card Issuance and Support Services and Computer Graphic Design and Animation services to the clients located in the ASEAN region, UK and Europe.

The Company is looking to expand the Prepaid Card Issuance Services, provision of virtual bank accounts to high net worth Individuals and Corporates in the ASEAN region, including Hong Kong and Japan and further to customers located in Europe and UK.

Key Performance Indicators

During the reporting period, the Company was focused on the evaluation of various opportunities in the Fintech and Payment Gateway sector. The Directors track the following as the Company's KPIs:

	2024 **HK$**	**2023** **HK$**
Revenue	22,029,649	16,883,359
Cash and cash equivalents	19,318,967	9,548,364
No. of Customers	38	31

- Revenue

  Reflects the element of billings generated and recognised during the period from all revenue streams and measures the Group's overall performance at a sales level.

- Cash and cash equivalents

  The Company's cash balance provides a measure of the Group's financial strength and self-sufficiency to support operations while revenue streams continue to be developed.

- Customers

  The quantity of customers provides a basis to measure the growth and acceptance of the Company's services provided during the period.

Principal risks and uncertainties

The principal risks and uncertainties currently faced by the Company are set out further in the Risk Management Report on page 20.

Corporate Social Responsibility

The Group aims to conduct its business with honesty, integrity and openness, respecting human rights and the interests of shareholders and employees. The Group aims to provide timely, regular and reliable information on the business to all its shareholders and conduct its operations to the highest standards.

The Group strives to create a safe and healthy working environment for the wellbeing of its staff and to create a trusting and respectful environment, where all members of staff are encouraged to feel responsible for the reputation and performance of the Group.

The Group aims to establish a diverse and dynamic workforce with team players who have the experience and knowledge of the business operations and markets in which we operate. Through maintaining good communications, members of staff are encouraged to realize the objectives of the Group and their own potential.

Corporate environmental responsibility

The Board contains personnel with a good history of running businesses that have been compliant with all relevant laws and regulations.

Section 172(1)

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

1. Consider the likely consequences of any decision in the long term;
2. Act fairly between the members of the Group;
3. Maintain a reputation for high standards of business conduct;
4. Consider the interest of the Group’s employees;
5. Foster the Group’s relationships with suppliers, customers and others; and
6. Consider the Impact of the Group’s operations and the community and the environment.
7. The Directors remain committed to engaging with the Group’s stakeholders and considering their interests when making key strategic decisions. The Board considers its key stakeholders to be its shareholders, its employees, its clients, its suppliers and the communities in which the Group operates.

In the following section we identify our key stakeholders, how we engage with them and key activities we have undertaken during the period in question.

Our Strategic Partners

The Company works closely with its major service provider, a technology company located in Hong Kong and Malaysia, who is an important strategic partner with the Group. We have developed an open and transparent relationship with this partner, which promotes the long-term success for the Group.

We also continue to build our reputations and strengthen our relationships with our clients based in Hong Kong and China by providing outstanding services. Furthermore, we continue to expand our services to customers located in Malaysia, Japan, Singapore, Europe and the UK.

Our Shareholders

The Company has been well-supported by its shareholders, including those that subscribed for shares at IPO in 2022 and through several share allotments and issuance work during the financial year. The Company endeavours to keep shareholders updated on regulatory matters, and is committed to provide transparent information to them, both through the annual report and ad-hoc communications.

Our Customers

The Company strives to maintain strong relationships with its customers, which will promote long term growth. The relationships with customers who advertise with the Company are maintained through regular contact and relationship management.

Our Employees

The Company believes that good staff morale engenders increased efficiency and loyalty, and hence promotes staff welfare and well-being. Staff needs are constantly monitored and improved on an ongoing basis.

Robert Cairns

Non Executive Chairman

29 July 2024

BOARD OF DIRECTORS

Robert Cairns, Chairman and Non Executive Director

Mr. Robert Cairns, age 53, has over 25 years' experience in accounting and finance control and served in senior positions at various private companies in the United Kingdom throughout his career. Robert is currently the Finance Director and a member of the Board of Directors & Executive Committee of Les Ambassadeurs Club. Robert graduated from Lancaster University with a Bachelor of Science Honours degree in Geography and is a member of the Chartered Association of Management Accountants in the United Kingdom.

Chi Kit Law, Executive Director and CEO

Mr. Law (Chinese name: 羅志杰), age 43, has almost 20 years' of payment solution and banking leadership experience, having previously held roles as Head of Banking Systems at MoneySwap plc and Assistant Vice President of Group Technology and Operations at DBS Bank where he was awarded the Chairman's Reward for each year he was there. Mr. Law was also awarded the JP Morgan Services Star Award. Mr. Law has managed multi-national banking projects when he was at Standard Chartered Bank, HSBC, JP Morgan Chase and DBS Bank. Mr. Law holds a Masters in Advanced Management from the University of Liege and a Bachelor of Information Technology (Honours) from West Coast Institute of Management & Technology, Perth, Western Australia.

Timothy Wai Yiu Tang, Executive Director and CFO

Mr. Tang (Chinese name: 鄧煒堯), aged 55, has held the role of Vice President, Finance of Regal Crown Hong Kong since October 2020 and was promoted on 30 August 2022. Mr. Tang has about 20 years of audit and accountancy experience, having previously been a Partner at William Lee, Paul Tang & Co. and a former senior Auditor at Ernst and Young. Mr. Tang holds a Bachelor of Commerce in Accounting from the University of New South Wales. Mr. Tang is an associate member of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants.

Ajay Rajpal, Non Executive Director

Mr. Ajay Rajpal, age 54 is a Chartered Accountant and member of the Institute of Chartered Accountants in England & Wales (ICAEW). During his career, he has gained broad-ranging commercial experience developed in the US, Europe, Middle East and Far East, with a particular focus on M&A, financial management and insolvency/restructuring. Post qualification, Mr. Rajpal held a number of finance-related roles which involved working for periods in the US, Europe, Middle East and Far East. Since 2011, Mr. Rajpal has run his own consultancy business, NAS Corporate Services Ltd, providing companies with various corporate services, such as assistance with their pre-IPO funding, the IPO process and post IPO management. Mr. Rajpal assisted Grand Vision Media Holdings Plc, a special purpose acquisition company listed on the standard segment of the London Stock Exchange, which successfully completed a reverse takeover of an outdoor media business in Hong Kong/China. Mr. Rajpal is currently non-executive director of Grand Vision (which continues to be listed on the standard segment).

Mr. Rajpal has also project managed the initial public offering process and assisted with the associated funding of two businesses on AIM, namely New Trend Lifestyle Group Plc, which provides Feng Shui products and services across Asia, and Zibao Metals Recycling Group Plc, a Hong Kong and China based metals recycling company. He currently acts as a non-executive director for Phimedix Plc (formerly named Zibao Metals Recycling Group Plc), and Dozens Savings Plc.

Kwai Wah Sunny Ng, Non Executive Director (resigned on 25 July 2023)

Mr. Kwai Wah Sunny Ng (Chinese name: 吳季驊), age 45, has over 20 years' experience in corporate restructuring, mergers and acquisitions, project financing, lending and investment management. He is the founder and managing director of Davidsons Group, a business and private equity consultancy service organization based in Hong Kong. He is an Executive Director of Times Universal Group Holdings Limited, a company listed in the Hong Kong stock exchange. Mr. Ng graduated with a Bachelor of Commerce degree in actual studies and accounting from the University of New South Wales. He is a member of both the Certified Practising Accountants in Australia and the Hong Kong Institute of Certified Public Accountants.

DIRECTORS' REPORT

The Directors present their annual report together with the financial statements and the Auditor's Report for the year ended 31 March 2024.

Principal activities

The principal activity of the Company is to act as a holding company for a group of subsidiaries that are involved in the IT software development sector.

The Group is a fintech solutions service provider based in Hong Kong and served customer in Greater China, Japan, ASEAN countries with special focus in Malaysia and Singapore and United Kingdom and Europe.

The subsidiaries of the Company providing IT and Security Services, ERP and prepaid card issuance and supporting services to customers of the above region.

Results and dividends

The results of the Group for the year ended 31 March 2024 are set out in the financial statements.

The Directors do not propose to recommend a dividend for the year ended 31 March 2024. Given the losses incurred to date, it is unlikely that the Board will recommend a dividend in the near-term.

Business review and future developments

Details of the business activities and developments made during the period can be found in the Strategic Report.

Directors

The Directors of the Company who have served during the period and at the date of this report are:

Director	Role	Date of appointment and resignation
Chi Kit LAW	Executive Director and CEO	
Timothy Wai Yiu TANG	Executive Director and CFO	
Robert CAIRNS	Chairman and Non Executive Director	
Ajay RAJPAL	Non Executive Director	
Kwai Wah Sunny NG	Non Executive Director	resigned on 25 July 2023

Diversity

The Company is committed to ensuring diversity, equality and inclusion and our goal is to foster a positive work ethic. As at the date of this report, all four members of the board are male and therefore the targets under LR 9.8.6 of 40% of the board being female and at least one of the four senior positions on the board being occupied by a female have not been met. This is an area that remains under review by the nomination committee.

Member of the Board	Ethnicity (Nationality)	Gender
Chi Kit LAW	Asian, Chinese	Male
Timothy Wai Yiu TANG	Asian, Chinese	Male
Robert CAIRNS	White, British	Male
Ajay RAJPAL	Black, British	Male

Directors' interest in shares

The direct and beneficial shareholdings of the Board in the Company as at 31 March 2024 were as follows:

	Number of Ordinary Shares			Percentage of Issued
	Direct	Beneficial	Total	Share Capital
Chi Kit LAW *	-	64,000,000	64,000,000	49.80%

*** Chi Kit Law holds his shares through LYS Limited.**

Substantial shareholders

As at the date of the Report, the total number of issued Ordinary Shares with voting rights in the Group was 143,831,474. The Group has been notified of the following interests of 3 per cent or more in its issues share capital as at the date of this report:

	Number of ordinary shares	Percent of Issued share capital
LYS Limited	64,000,000	44.50%

Going Concern

The Group's assets largely compromised of Cash at Bank and the ERP program (Intangible assets) for the year ended 31 March 2024. The Directors have outlined their strategy for the Group in the Chairman's Statement on page 3. As part of their assessment of going concern, the Directors have prepared cash forecasts that show that the Group has sufficient cash resources for the next 12 months. It is proved that the Group has ability to raise debt finance and equity finance for its operation and expansion.

Based on their enquiries and the information available to them and taking into account the other risks and uncertainties set out herein, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

Events after the reporting period

On 8 April 2024, the Company issued 2,023,439 new Ordinary Shares of 1p each under the terms of the Convertible Loan Note Agreement announced on 4 March 2024.

On 18 April 2024, Regal Crown Technology Limited, a wholly owned subsidiary of RC365 has received conditional approval from The Trade and Industry Department of the Hong Kong SAR Government for a grant of up to approximately HK$1 million. The funds will be used to facilitate the Company's projects in Malaysia as it continues to expand operations within the region.

On 26 April 2024, the Company issued 3,409,090 new Ordinary Shares of 1p each under the terms of the Convertible Loan Note Agreement announced on 4 March 2024.

On 20 May 2024, the Company issued 5,357,143 new Ordinary Shares of 1p each under the terms of the Convertible Loan Note Agreement announced on 4 March 2024.

On 1 July 2024, the Company issued 4,507,211 new Ordinary Shares of 1p each under the terms of the Convertible Loan Note Agreement announced on 4 March 2024.

Corporate Governance

The Group has set out is full Corporate Governance Statement on page 23. The Corporate Governance Statement forms part of this Directors’ report and is incorporated into it by cross reference.

Statement of directors’ responsibilities

The directors are responsible for preparing the Directors’ Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted International Accounting Standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the group’s profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

- state whether they have been prepared in accordance UK adopted International Accounting Standards

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Emissions

The Group is not an intensive user of fossil fuels or electricity. As a result, it is not practical to determine carbon emission with any degree of accuracy.

Supplier payment policy

It is the Group's payment policy to pay suppliers in line with industry norms. These payables are paid on a timely basis within contractual terms which is generally 30 to 60 days from date of receipt of invoice.

Branches outside the UK

The Group's head office is in Hong Kong and the subsidiaries are located in Hong Kong, Malaysia, UK and Singapore and Japan.

The Directors' have chosen to produce a Strategic Report that discloses a fair review of the Group's business, the key performances metrics that the Directors review along with a review of the key risks to the business.

Financial instruments and risk management

The Company is exposed to a variety of financial risks and the impact on the Company's financial instruments are summarized in the Risk Management Report. Details of the Company's financial instruments are disclosed in note 24 to the financial statements.

Environmental, social and Governance

A review of the Group's approach to sustainability and societal impact during the year is set out below:

Climate Change

The Group recognise the importance of climate change triggered by Greenhouse Gases (GHG) from burning fossil fuels.

Total emissions associated with activities under direct control of management (Scope 1 and 2 emissions) remained at the same level in 2024 versus 2023. In terms of Energy efficiency, our energy usage was on the same level in 2024 compared with 2023.

Environmental

The Group's operations are conducted in such a manner that compliance is maintained with legal requirements relating to the environment in areas where the Group conducts its business. During the period covered by this report, the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

The Directors consider that due to the nature of the Group's operations. It does not have a significant impact on the environment. However, the Group seeks to minimize its carbon impact and recognizes that its activities should be carried out in an environmentally friendly manner where practicable.

The Group's environment impact is under continual review and the Group considers related initiatives on an ongoing basis. In 2024, these included: continued reduction of waste and, where practicable, re-use and recycling of consumables; conducted reduction of energy, water and other resources.

Office Environments

Management engages with its office provider and its facilities management provider to ensure a safe environment for our employees.

Environmental management is overseen by the Chief Executive Officer. RC365 Holding Plc complies with the Companies Act 2006 (Strategic Report and Directors Report) Regulation 2013. We are also reporting in compliance with the Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018 known as SECR (Streamlined Energy Carbon Reporting). Energy consumption and GHG emissions have been calculated in line with the UK Government's Environmental Reporting Guidelines; including streamlined energy and carbon reporting guidance (March 2019). There were no prosecutions or compliance notices for breaches of environmental legislation during the financial year.

Supply Chain

We are committed to ensuring that there is no slavery or human trafficking in our supply chain or in any part of our business. We maintain strong working relationship with our suppliers and partners, in order to enhance the efficiency of our business and create value, and make sure we treat suppliers in line with our values and ethical standards. We continually assess our supplier and partner network, and leverage both internal and external expertise to ensure appropriate relationship and fair economics.

Governance

The Board takes issues of governance seriously and seeks to ensure transparency and streamlined administration. The Directors bring a broad range of technical, commercial, business, accounting, auditor and corporate finance expertise. Culturally, the Board demonstrates a high degree of integrity, fairness and non-discrimination and promotes values through the organization.

TCFD Disclosure

Governance

a) Describe the Board's oversight of climate-related risks and opportunities.	The Board acknowledges the financial implications of climate change and considers the related risks and opportunities through regular communication between the two Executive Directors and the two Non-Executive Directors. This communication is focused on risks and opportunities that arise on an ongoing informal basis. Through those discussions the Board has assessed that at the current time there are no climate-related risks or opportunities that would have a material impact on the Group or the wider community. This is in the context of the Group currently having 25 employees and substantially all of the climate impact of the Group being driven by regulatory imperatives. The Board will keep this assessment under regular review.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	The Board oversees the long-term impact of climate-related risks and opportunities on the organisation's strategy and risk appetite. Senior management regularly attend ESG seminars and relevant updates are provided to the Board. Each staff individually will seek to make personal decisions so as to minimise climate-related risks. This manifests itself in seeking to minimise travel by, for example, working from home and/or use the Zoom/Team portal meeting with business travellers instead of travelling.

TCFD Disclosure (cont'd)

Strategy

c) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	The Group has not identified any material climate-related risks and opportunities in the short-term. Medium and longer-term assessments will depend on what acquisitions are made by the Group and accordingly the Board will reassess those climate-related risks and opportunities as soon as practically possible following an acquisition.
d) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	The Group has assessed the impact of climate change risks to ensure financial resilience and operational continuity. The conclusion is that climate change represents a negligible impact and that these risks are not material. Individual employees are encouraged to take climate matters into account when planning how they wish to work and management offer maximum flexibility to facilitate this.
e) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	The Group does not foresee any impact on its resilience arising from all foreseeable climate-related scenarios, including a full two degrees of warming. All climate change risks will continue to be monitored.

TCFD Disclosure (cont'd)

Risk Management

f) Describe the organisation's processes for identifying and assessing climate- related risks.	Climate Risk is considered as part of the annual business review. This will be kept under review as the organisation grows.
g) Describe the organisation's processes for managing climate-related risks.	The process for managing such risks is to provide all 25 employees with the flexibility to manage those limited risks that are under their control.
h) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	The Board assessed the risks across short, medium, and long-term timeframes, ultimately determining that these were immaterial to the balance sheet.

Metrics and Targets

(i) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	The Group does not seek to measure climate-related risks as they are not considered material. The Board will reconsider this position on any material change to the Group or its activities.
(j) Disclose Scope 1, 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	The Group's activities are outside the scope of the Global GHG Accounting and Reporting Standards.
(k) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against target.	The Group currently has not set specific targets or commitments. Notwithstanding, the Board is pleased to note that employees continue to do what they can to reduce climate risk by working from home and minimise the business travel by each employee. The Board will reconsider this position on any material change to the Group or its activities.

Disclosures of Information to Auditors

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

Independent auditors

A resolution proposing the re-appointment of LB Group Limited as auditor will be put to the shareholders at the Annual General Meeting.

The Directors' Report has been approved by the Board and signed on its behalf by:

Robert Cairns

Non Executive Chairman

29 July 2024

RISK MANAGEMENT REPORT

The Group has undertaken an evaluation of the risks it is exposed to which are summarised as follows:

If the Group cannot keep pace with rapid developments and change in its industry and provide new services to its clients, the use of its services could decline, reducing its revenue and profitability

The Group faces competitive pressure from new or existing competitors which may have more significant financial resources, consumer awareness and scale and may introduce new products and services.

The Group's ability to remain competitive depends in part on its ability to offer competitive pricing

Certain of the Group's competitors may have greater financial, technological and marketing resources than it does or, in the case of certain markets (in particular any potential new markets), greater local knowledge and presence, greater customer bases, volume, scale and market share.

Negative publicity could impact negatively on the Group's business and reputation

The diminution in the perceived quality associated with the Group's products or services as a result of reputational damage or otherwise could harm the Group's business, which can adversely affect its ability to attract and retain customers. The Group's reputation could be damaged by any number of issues, including operational or user experience failures, data breaches, or negative press or social media reports.

The Group may fail to successfully execute its strategy, including expanding its share of its existing markets, developing new capabilities and expanding into new geographies

The Group's future growth and profitability depend upon the growth of the markets in which it currently operates, the future expansion of those markets, its ability to develop new products and services (such as RC3.0, RC ERP, Prepaid Card Issuance in Hong Kong, Japan and Malaysian market) that are commercially successful and its ability to increase its penetration and service offerings within these markets, as well as its ability to penetrate new markets, particularly in Europe.

Dependence on key personnel

The Group is managed by a number of key personnel, including the Key Executive Directors, some of whom have significant experience within the payments sector and who may be difficult to replace. The loss of the Key Executive Directors and/or key senior personnel could have a material adverse effect on the Group.

Demand for the Group's products and services may be affected by global and regional changes, including economic, social and political changes

The Group may be affected by a number of macroeconomic factors, events and conditions, including political and social conditions (such as any policy which might affect the ability of Regal Crown HK to do business with Chinese customers), payment habits and trends including the number of transactions involving the Hong Kong dollar, economic growth rates, and government outlook, spending and regulation, such as protectionist policies and legislation.

Inability to manage growth

The Group intends to grow the business. The Group's future growth may place increasing and significant demands on its management, operational and financial systems, infrastructure and other resources and will therefore depend on its ability to expand and improve operational, financial and management information and control systems in line with its growth. Failure to do so could have an adverse effect on the Group's business and its operating results. Further, any acquisitions will carry an element of risk, including the difficulty of integrating the operations and personnel of the acquired business and the inability to obtain the anticipated return from such investment.

A decline in the use of debit cards as a payments mechanism or adverse developments with respect to the digital payments industry in general could have a material adverse effect on the Group's business, financial condition and results of operations

If customers do not continue to use credit or debit cards as a payments mechanism for their transactions or if there is a change in the mix of payments between cash, alternative currencies, credit and debit cards or new payments systems which is adverse to the Group, it could have a materially adverse effect on it business, financial condition and results of operations. A potential tightening of credit underwriting criteria by financial institutions may make it more difficult or expensive for customers to gain access to credit facilities such as credit cards. Moreover, if there is an adverse development in the digital payments industry in general, such as new legislation or regulation that makes it more difficult for the Group's clients to do business or which results in financial institutions seeking to charge their customers additional fees for card usage, cardholders may reduce their reliance on cards, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group Is at risk of fraud

Combating fraud is a challenge because transactions are conducted between parties who are not physically present, which in turn creates opportunities for misrepresentation and abuse. Online businesses are especially vulnerable because of the convenience, immediacy and anonymity of transferring funds from one account to another and subsequently withdrawing them.

The Group does not currently involve the supply of any regulated services which would require a licence or authorisation (such as the processing of transactions) or the direct handling of client money and as such it would not normally expect to be primarily responsible should any fraudulent activity impact a particular transaction. However, it cannot however be excluded that the Group could be party in any litigation or investigation in the future in relation to fraudulent transactions, even where the Group is not directly involved. Examples of fraud could include organised criminal activity or when a person knowingly uses a stolen or counterfeit credit or debit card, card number, or other credentials to record a false sale or credit transaction, or intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction. Criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeiting credit and debit cards and fraud. There is also a risk the Group's employees could engage in or facilitate fraudulent activity on their own behalf or on behalf of others. Moreover, is possible that incidents of fraud could increase in the future.

The Group nonetheless takes measures to detect and reduce the risk of fraud, by carrying out checks on the Dow Jones database before the transaction can proceed. Separate checks are also carried out by other parties involved in the value chain. These measures may however not be effective against new and continually evolving forms of fraud or in connection with new product offerings. If these measures do not succeed, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

This Risk Management Report has been approved by the Board and signed on its behalf by

Robert Cairns

Non Executive Chairman

29 July 2024

CORPORATE GOVERNANCE STATEMENT

The Board of the Company is committed to high standards of corporate governance, which it considers are critical to business integrity and to maintaining investors' trust in the Company. For the year ended 31 March 2024, and up to the date of this report, the Company has applied the main principles of the Quoted Companies Alliance (QCA) Code and complied with its detailed provisions throughout the period under review.

Full details of our approach to governance are set out below and, as a Board, we continue to be committed to good standards in governance practices and will continue to review the governance structures in place, to ensure that the current practices are appropriate for our current shareholder base and that, where necessary, changes are made.

Composition and independence of the board

The Board is comprised of two Executive Directors and two Independent Non-Executive Directors, including the Independent Non-Executive Chairman. Each of the non-executive Directors is "independent" for the purposes of the QCA Governance Code. The Board is of the opinion that its composition continues to represent an appropriate balance between executive and non-executive directors, given the Group's size and operations.

Robert Cairns and Ajay Rajpal both have diverse experience holding senior positions in private and listed companies in the United Kingdom. They are both considered independent as they are not involved in the day-to-day running of the business and do not earn any performance-related remuneration.

The Company has a Board it believes is well suited for the purposes of implementing its business strategy. Members have relevant consulting and industry experience. We intend to carry out periodic reviews of the composition of the Board to ensure that its skillset and experience are appropriate for the effective leadership and long-term success of the business as it develops.

Division of responsibilities

The Directors are responsible for carrying out the Group's objectives, implementing its business strategy and conducting its overall supervision.

The Board meet regularly to review performance. The roles of Chairman and Chief Executive Officer are separate and clearly defined, in line with the recommendations of the QCA Corporate Governance Code. Responsibility for overseeing the Board is the responsibility of the Chairman and the Chief Executive Officer is responsible for overseeing the implementation of the Company's strategy and its operational performance.

The Executive Directors are encouraged to use their independent judgement and strong knowledge of the Group in the discharging of their duties. They are responsible for the day-to-day management of the business, including its financial and operational performance and the Group's legal undertakings. Issues and progress made are reported to the Board by the Chief Executive Officer.

The Board considers the Non-Executive Directors to be sufficiently competent and to function effectively as a unit and in their respective Committees. They provide objectivity and substantial input to the activities of the Board, from their various areas of expertise.

The Board meets regularly throughout the year (either in person or by video conference call). Additionally, special meetings will take place or other arrangements will be made when Board decisions are required in advance of regular meetings. During the period ended 31 March 2024, fifteen board meetings were held. All Directors were in attendance at the meeting, either in person or by video conference call.

Meeting shareholders' needs and expectations

The Board seeks to build on a mutual understanding of objectives between the Company and its shareholders by offering meetings to discuss long-term issues and receive feedback and issuing updates to the market as appropriate. The Board also seeks to use the Annual General Meeting ("AGM") to communicate with its shareholders and encourage questions from shareholders.

Risk management and internal control

Mitigating the risks that a Company faces as it seeks to create long-term value for its shareholders is the positive by-product of applying good corporate governance. At RC365, all employees are responsible for identifying and monitoring risks across their areas. However, the Board sets the overall risk strategy for the business and is ultimately accountable.

Performance evaluation

The Chairman considers the operation of the Board and performance of the Directors on an ongoing basis as part of his duties and will bring any areas of improvement he considers are needed to the attention of the Board. The effectiveness of the Board, its Committees and Directors will be reviewed on an annual basis.

Robert Cairns

Non Executive Chairman

29 July 2024

AUDIT COMMITTEE REPORT

As Chair of the Audit and Risk Committee (“the Committee”), I am pleased to present our Audit Committee Report for the year ended 31 March 2024.

The Board has established an audit committee and a remuneration committee and delegated various responsibilities to these committees, to assist the Board in discharging its duties and overseeing its duties and aspects of the Company and its subsidiaries’ activities.

The Audit Committee comprises two Non-Executive Directors: Robert Cairns (Chair) and Ajay Rajpal. The Audit Committee receives, and reviews reports from the Group’s management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The key responsibilities of the Committee are to:

• Review the significant issues and judgments of management, and the methodology and assumptions used in relation to the Group’s financial statements and formal announcements on the Group’s financial performance;

• Review the Group’s going concern assumptions;

• Assess the effectiveness of the Group’s system of internal controls, including financial reporting and financial controls;

• Consider and make recommendations to the Board on the appointment, reappointment, dismissal or resignation and remuneration of the external auditor; and

• Assess the independence and objectivity of the external auditor and approve and monitor the application of the external auditor business standard.

External auditor

The Company’s external auditor is LB Group Limited, who were appointed with effect from the year ended 31 March 2024. Having reviewed the auditor’s independence and performance to date, the Committee recommended to the Board to put them forward at the AGM to stand as auditors for the next financial period.

Internal audit

The Board considers the internal control system to be adequate for the Company. The Audit Committee reviews the scope and scale of the non-audit services undertaken by the auditors in order to ensure that their independence and objectivity is safeguarded. The Directors recognise the business will increase in complexity as it grows, and they will review the internal control system to ensure it responds to any change.

Risk management and internal controls

The principal risks facing the Group are summarised on page 20 of this Report. The internal controls of the Group are set out in the Financial Reporting Procedures Manual which was reviewed and reported on by the Reporting Accountants in connection with the IPO. The Committee carries out an annual risk assessment and review of mitigating controls.

This report was approved by the board on 29 July 2024

Robert Cairns

Non Executive Chairman

REMUNERATION COMMITTEE REPORT

The items included in this report are unaudited unless otherwise stated.

The remuneration committee consists of Ajay Rajpal (Chair) and Robert Cairns. This committee's primary function is to review the performance of executive directors and senior employees and set their remuneration and other terms of employment.

The Company has 2 Executive Directors and 2 Non-Executive Directors

The remuneration policy

It is the aim of the committee to remunerate executive directors competitively and to reward performance. The remuneration committee determines the Group's policy for the remuneration of executive directors, having regard to the QCA Corporate Governance Code and its provisions on directors' remuneration.

Although there is no formal Director or senior employee shareholding policy in place, the Board believe that share ownership by Directors and senior employees strengthen the link between the personal interest and those of shareholders.

No views were expressed by shareholders during the period on the remuneration policy of the Group.

Service agreements and terms of appointment

The Non-Executive Directors have service contracts with the Group.

Directors' interests

The directors' interests in the share capital of the Company are set out in the Directors' report.

Directors' emoluments (audited)

	Group		**RC365 Holding Plc**	
	2024	**2023**	**2024**	**2023**
	HK$	**HK$**	**HK$**	**HK$**
Chi Kit Law	2,183,561	2,591,996	-	-
Timothy Wai Yiu Tang	240,000	275,500	-	-
Kwai Wah Sunny Ng	-	47,704	-	47,704
Robert Cairns	-	47,704	-	47,704
Ajay Rajpal	260,000	238,521	260,000	238,521
Total	**2,683,561**	**3,201,425**	**260,000**	**333,929**

The highest paid Director of the Company in the period was Mr. Chi Kit Law, who was paid a total of HK$2,183,561 (2023: HK$2,591,996).

Considerations of shareholder views

The Committee considers shareholder feedback received. This feedback, plus any additional feedback received from the time to time, as part of the Group's annual policy for remuneration.

Policy for salary reviews

The Committee may from time to time seek to review salary levels of Directors, taking into account performance, time spent in the role and market data for the relevant role. It is intended that there will be a salary review during the next fiscal year.

Policy for new appointment

It is not intended that there will be any new appointments to the Board in the near term. It is intended that a full review of the Board will take place on an annual basis.

Other Matters

The Group does not currently have any annual or long term incentive schemes in place for any of the Directors and senior employees.

Approval by shareholders

At the next annual general meeting of the Group a resolution approving this report is to be proposed as an ordinary resolution.

This report was approved by the board on 29 July 2024

Ajay Rajpal

Non Executive Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RC365 HOLDING PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Rc365 Holding Plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 38.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter we identified in the current year was going concern assumption.
Materiality	The materiality that we used for the group financial statements was HK$379,800 (2023: HK$776,418) which was determined on the basis of revenue (2023: on the basis of gross assets).
Scoping	Those entities subject to audit represented 100% of the group's consolidated revenue (2023: 100% of Gross Assets) achieved through a combination of direct testing and specified audit procedures, including substantive analytical review procedures, performed by the group auditor and component auditors across the world.
Significant changes in our approach	There have been no significant changes in our approach in the current year.

4. Material Uncertainty related to going concern.

We draw attention to the going concern section in the notes 2.3 to the financial statements. The group's ability to generate funds to meet short term operating cash requirements. The expected cash inflow is relied on signed contracts with some key customers. However, the services have not been performed yet. These events or conditions, along with other matters as set out in note 2.3 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Key audit matter title

Going concern assumption	The financial statements have been prepared the notes to the financial statements. Historically, the Group has been loss making. Accumulated losses shown in the Consolidated Balance Sheet totalled HK$51,545,412 as at 31 March 2024. We included the going concern assumption as a key audit matter as it relies on existing cash reserves and revenue growth generating sufficient cashflows to cover necessary expenditure.
How the scope of our audit responded to the key audit matter	Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included: – Testing controls over management's going concern model, including the review of the inputs and assumptions used in the model – Identifying the key assumptions, including those relating to the current macroeconomic uncertainty, and evaluating the appropriateness of these assumptions and their consistency with management's presentations to the Board and Audit Committee – Comparing the forecasts within the going concern model to recent historical financial information – Testing the mechanical accuracy of the going concern model – Testing the covenant compliance calculations and headroom thereof, both under the group's forecasts and in severe downside scenarios – Confirming the existence and availability of financing facilities – Evaluating the appropriateness of management's sensitivity analysis modelled under their most severe scenario, including an evaluation of the mitigating actions available to management – Evaluating the disclosures on going concern
Key observations	Based on our procedures, we determined management's assumptions used in the going concern to be reasonable.

Impairment of investment in subsidiaries	Investments in and loans to subsidiaries – valuation and potential impairment. The group holds investments in subsidiaries at cost. There is a risk that investments in group companies are impaired and so investment values may be misstated in the parent company. Our audit procedures concluded that the balance in relation to investments in and loans to subsidiaries is fully impaired.

How the scope of our audit responded to the key audit matter	We have reviewed the consolidated financials of the subsidiary undertaking and reviewed the performance to date. We reviewed the latest management accounts post year end for the subsidiary; We have reviewed the long term cashflow forecasts prepared and understood and assessed the methodology used by the directors in this analysis and determined it to be reasonable; We tested the assumptions made by management through performing sensitivity analysis through changing the assumptions used and re- running the cash flow forecast.
Key observations	Based on our procedures, we determined management's assumptions used in the impairment of investment in subsidiaries to be reasonable.

Valuation of convertible bonds	As at balance sheet date the group issued a bond of HK$35,402,946 to unrelated third party. Per agreement terms, lender has an option to convert the bond into share of the Group between year-end 2nd March 2025.
How the scope of our audit responded to the key audit matter	The valuation work was performed by the independent third party, we have reviewed the assumptions per the valuer's report for reasonableness. Based work performed no issue was noted regarding the valuation of financial assets (bond and option).
Key observations	Based on our procedures, we determined management's assumptions used in the valuation of convertible bond to be reasonable.

Carrying value of ERP development asset	We have reviewed the carrying value of the ERP development asset. Our procedures in relation to management's assessment of the carrying value of ERP included but were not limited to.
How the scope of our audit responded to the key audit matter	Reviewing management's assessment of the indicators of impairment. Reviewing the agreement with prospective customers and discounted cashflows. Challenging the key estimates and assumptions applied in the valuation model and carrying out sensitivity analysis.
Key observations	Based on our audit work carried out we can confirm that the ERP development asset is not impaired and the carrying value if therefore appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	HK$379,800 (2023: HK$776,418)	HK$379,800 (2023: HK$582,314)
Basis for determining materiality	We have considered a number of metrics when determining group materiality, including Total assets; revenue; and total equity. Our selected materiality figure represents 2% of revenue.	The basis for materiality is total assets. The materiality used is 2% of Net assets (2023: 2% of Revenue), and is capped at 100% of group materiality (2023: 100%).
Rationale for the benchmark applied	We have determined that the critical benchmark for the Group was revenue because we consider this measure to be the primary focus of users of the financial statements.	Due to the nature of the company as a parent entity holding company, we consider total assets to be the most appropriate basis for materiality.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2023: 70%) of group materiality	70% (2023: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. the nature, volume and size of misstatements (corrected and uncorrected) in the previous audit; b. whether this was a first year audit or significant changes in the business might affect our ability to forecast misstatements; c. high turnover of management or key accounting personnel; d. prior period adjustments; or e. prior period errors found in the current year.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of HK$19,000 (2023: HK$39,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

We performed a full scope audit on the Group. We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at areas where the Directors made subjective judgements, which involved making assumptions and considering future events that are inherently uncertain, such as their going concern assessment.

7.2. Our consideration of the control environment

Rc365 Holding plc is reliant on the effectiveness controls to ensure that financial transactions are processed and recorded completely and accurately. Accordingly, we perform testing of internal controls over financial reporting in all areas of the audit.

7.3. Our consideration of climate-related risks

Our risk assessment procedures in relation to the impact of climate-related risks involved obtaining an understanding of management's relevant processes and controls. We further reviewed management's paper assessing these risks. We evaluated these risks to assess whether they were complete and consistent with our understanding of the entity and our wider risk assessment procedures.

Our procedures to address our identified risks involved considering the impact of the risks on the financial statements overall, including in the application of individual accounting standards. Such considerations included the impact of changes in regulation and reporting standards. We further reconciled the disclosures made to underlying supporting evidence.

7.4. Working with another auditor

The group audit team exercises its oversight of component auditor using a carefully designed programme, which considers a variety of factors including the size and complexity of the entity. The group audit team directs, supervises and evaluates the audit work performed by component audit team by:

– Speaking regularly with teams about the status of their work

– Reviewing reporting and underlying workpapers where determined to be necessary

– Attending key meetings including close meetings

In order to drive consistency and comparability over the audit work performed by our component auditor, the group engagement team directly leads the risk assessment process in all areas of the audit. This process involves workshops with our local audit team to enhance and confirm the group teams understanding of local processes and risks. After consideration of how the nature and extent of those operating unit level risks contribute to risk of material misstatement at a group level the group engagement team, in consultation with the local team, confirms the specific audit procedures that component auditors are instructed to perform.

In years when we elect to not visit a component, either physically or virtually, we:

– Include the component audit partner in our team planning meeting

– Discuss the results of the Group-led risk assessment

– Review the documentation of the findings from their work and discuss with them as needed

These are designed so that the Senior Statutory Auditor or a senior member of the group audit team can have oversight of the work of our component auditor on a regular basis. In addition, we assess the competence of each of our component auditor.

We also hold weekly meetings with management during our audit fieldwork at a global level in order to update our understanding of the Group and its environment on an ongoing basis.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company'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 the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Exchange Commission rules, the UK Listing Rules, and tax legislation in the group's various jurisdictions.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the UK Bribery Act.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

– Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.

– Enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims.

– Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

– Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax authorities.

– In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, including those made outside of local operational reporting; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified [set out on page 12-13];
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate [set out on page 3-5];
- the directors' statement on fair, balanced and understandable [set out on page 7-8]
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks [set out on page 17-18]; and
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems [set out on page 20 - 22].

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the company at the Annual General Meeting on 20 Jan 2024 to audit the financial statements for the year ending 31 March 2024 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is one year.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Mark Middleton

For and on behalf of LB Group Limited (Stratford)

Statutory Auditor

London, United Kingdom

29 July 2024

Consolidated statement of comprehensive income for the year ended 31 March 2024

	Notes	**31 March 2024**	31 March 2023
		HK$	HK$
Revenue	4	**22,029,649**	16,883,559
Cost of sales		**(87,228)**	(898,533)
Gross profit		**21,942,421**	15,984,826
Other income	5	**1,026,203**	330,010
Subcontracting fee paid	7	**(5,677,221)**	(8,457,204)
Staff costs	8	**(8,419,266)**	(4,928,904)
Other operating expenses		**(9,567,043)**	(7,116,420)
Depreciation on property, plant and equipment and right-of-use assets and amortisation of intangible assets	7	**(3,210,772)**	(1,065,313)
Operating loss		**(3,905,678)**	(5,253,005)
Fair value gain on contingent consideration – consideration shares		**874,478**	-
Fair value (loss)/gain on financial assets at FVPL		**(33,511,816)**	41,064
Finance charges	6	**(208,662)**	(166,510)
Loss before income tax	7	**(36,751,678)**	(5,378,451)
Income tax expense	9	**(128,762)**	-
Loss for the year		**(36,880,440)**	(5,378,451)
Loss per share – basic and diluted (HK$)	10	**(29.00 cents)**	**(4.96 cents)**

The accompanying notes to the consolidated financial statements on pages 45 to 88 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 March 2024

	31 March 2024	31 March 2023
	HK$	HK$
Loss for the year	**(36,880,440)**	(5,378,451)
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss:	**594,955**	265,012
Exchange differences on translation of financial statements of foreign operations	**594,955**	265,012
Total comprehensive loss for the year	**(36,285,485)**	**(5,113,439)**

The accompanying notes to the consolidated financial statements on pages 45 to 88 form an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 March 2024

	Notes	2024 HK$	2023 HK$
ASSETS			
Non-current assets			
Goodwill	11	**759,289**	-
Loan receivables	17	**3,257,981**	-
Intangible assets	12	**23,513,372**	6,184,803
Property, plant and equipment	13	**457,213**	61,057
Right-of-use assets	14	**503,955**	204,684
		28,491,810	6,450,544
Current assets			
Financial assets at FVPL	15	**1,017,248**	1,041,064
Deposit and prepayments	16	**2,980,887**	3,788,412
Trade and other receivables	16	**34,862,948**	17,698,025
Loan receivables	17	**-**	294,500
Cash and cash equivalents	18	**19,318,967**	9,548,364
		58,180,050	32,370,365
Current liabilities			
Trade and other payables	19	**14,488,885**	2,288,347
Borrowings	20	**4,539,862**	5,299,556
Lease liabilities	21	**412,284**	135,711
Convertible loan note	22	**35,402,946**	-
Tax payables		**111,030**	-
		54,955,007	7,723,614
Net current assets		**3,225,043**	24,646,751
Non-current liabilities			
Lease liabilities	21	**65,529**	65,143
Contingent consideration – consideration share		**70,486**	-
		136,015	65,143
Net assets		**31,580,838**	31,032,152
EQUITY			
Share capital	23	**29,925,945**	28,801,920
Share premium		**49,329,087**	16,576,592
Group reorganisation reserve		**589,836**	589,836
Convertible loan note reserve		**2,957,651**	-
Translation reserve		**323,731**	(271,224)
Accumulated losses		**(51,545,412)**	(14,664,972)
Total equity		**31,580,838**	31,032,152

The accompanying notes to the consolidated financial statements on pages 45 to 88 form an integral part of these consolidated financial statements.

Approved by the Board and authorised for issue on 29 July 2024.

Robert Cairns

Director

Company Registration number: 13289422

Consolidated statement of changes in equity for the year ended 31 March 2024

	Share capital	Share premium	Translation reserves	Group reorganisation reserves	Convertible loan note reserve	Accumulated losses	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 1 April 2022	**11,500,995**	**16,576,592**	**(536,236)**	**750,476**	**-**	**(9,286,521)**	**19,005,306**
Loss for the year	-	-	-	-	-	(5,378,451)	(5,378,451)
Exchange difference on consolidation	-	-	265,012	-	-	-	265,012
Total comprehensive expenses	-	-	265,012	-	-	(5,378,451)	(5,113,439)
Acquisition of subsidiaries under common control	-	-	-	(160,640)	-	-	(160,640)
Issue of share capital	17,300,925	-	-	-	-	-	17,300,925
At 31 March 2023 and at 1 April 2023	**28,801,920**	**16,576,592**	**(271,224)**	**589,836**	**-**	**(14,664,972)**	**31,032,152**
Loss for the year	-	-	-	-	-	(36,880,440)	(36,880,440)
Exchange difference on consolidation	-	-	594,955	-	-	-	594,955
Total comprehensive expenses	-	-	594,955	-	-	(36,880,440)	(36,285,485)
Issue of share capital	1,124,025	32,752,495	-	-	-	-	33,876,520
Issue of convertible loan note	-	-	-	-	2,957,651	-	2,957,651
At 31 March 2024	**29,925,945**	**49,329,087**	**323,731**	**589,836**	**2,957,651**	**(51,545,412)**	**31,580,838**

The accompanying notes to the consolidated financial statements on pages 45 to 88 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 March 2024

	31 March 2024 HK$	31 March 2023 HK$
Cash flows from operating activities		
Loss before income tax	**(36,751,678)**	(5,378,451)
Adjustments for:		
Amortisation of intangible assets	**2,711,515**	475,957
Depreciation of property, plant and equipment	**115,212**	12,614
Depreciation of right-of-use-assets	**384,045**	576,742
Written-off of property, plant and equipment	**50,239**	-
Written-off of right-of-use-assets	**136**	-
Gain on termination of lease agreement	**-**	(38,132)
Impairment loss on loan receivables	**42,019**	-
Fair value loss/(gain) on financial assets at FVPL	**33,511,816**	(41,064)
Interest income	**(597,441)**	(13,649)
Fair value gain on contingent consideration – consideration shares	**(874,478)**	-
Net gain on disposal of financial assets at FVPL	**(80,883)**	-
Finance charges	**208,662**	166,510
Operating cashflow before working capital changes	**(1,280,836)**	(4,239,473)
(Increase)/decrease in trade and other receivable	**(1,825,163)**	736,523
Decrease/(Increase) in deposits and prepayments	**844,045**	(3,635,536)
(Increase)/decrease in loan receivables	**(1,705,500)**	405,500
Increase in trade and other payables	**11,447,945**	754,846
Cash generated from/ (used in) operating activities	**7,480,491**	(5,978,140)
Income tax paid	**(35,769)**	-
Net cash generated from/ (used in) operating activities	**7,444,722**	(5,978,140)
Cash flow from investing activities		
Acquisition of intangible assets	**(2,738,575)**	(6,524,760)
Acquisition of property, plant and equipment	**(65,380)**	(67,951)
Purchase of financial assets at FVPL	**-**	(1,000,000)
Proceeds from disposal of financial assets at FVPL	**379,496**	-
Net cash (outflow)/ inflow for the acquisition of subsidiaries	**(545,826)**	546,139
Interest received	**297,441**	13,649
Net cash used in investing activities	**(2,672,844)**	(7,032,923)
Cashflow from financing activities		
Interest paid	**(175,755)**	(149,430)
Repayment of bank borrowings	**(759,694)**	(500,444)
Proceeds from issue of convertible loan note	**5,967,000**	-
Rental paid for lease liabilities	**(439,400)**	(547,650)
Net cash from/ (used in) financing activities	**4,592,151**	(1,197,524)
Net increase/ (decrease) in cash and cash equivalents	**9,364,029**	(14,208,587)
Effect of exchange rate changes	**406,574**	340,190
Cash and cash equivalents at beginning of the year	**9,548,364**	23,416,761
Cash and cash equivalents at the end of the year	**19,318,967**	9,548,364

The accompanying notes to the consolidated financial statements on pages 45 to 88 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 March 2024

1. GENERAL INFORMATION

RC365 Holding Plc (the "Company") was incorporated as a private limited company on 24 March 2021 in the United Kingdom ("UK") under the Companies Act 2006. The Company acted as a holding company and converted to a public limited company on 22 September 2021. The address of the registered office is Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF. The Company was listed on the Standard List of the London Stock Exchange ("LSE") on 23 March 2022.

The principal activity of the Company is to act as an investment holding company. The Company together with its subsidiaries (the "Group") are mainly engaged in provision of IT software development and payment solutions, remittance and payment services, and provision of media production services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

On 31 December 2020, International Financial Reporting Standards ("IFRS") as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. RC365 Holding Plc adopted the UK-adopted International Accounting Standards in its Group and parent company financial statements for the current and comparative periods.

These Group and parent company financial statements were prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements of the Group and parent company have been prepared on accrual basis and under historical cost convention except for financial assets at fair value through profit or loss ("FVPL") which are measured at fair value as explained in the accounting policies set out below. The financial statements are presented in Hong Kong Dollars ("HK$"), which is the Group's functional and presentational currency, and rounded to the nearest dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New Standards and Interpretations

No new standards, amendments or interpretations, effective for the first time for the period beginning on or after 1 April 2023 have had a material impact on the Group and the parent company.

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IAS 1	Classification of liabilities as current or non-current	1 January 2024
IAS 1	Amendments - Non-current liabilities with covenants	1 January 2024
IFRS 16	Amendments - Leases on sale and leaseback	1 January 2024
IAS 7 & IFRS 17	Amendments – Supplier finance arrangements	1 January 2024
ISA 21	Amendments – Lack of exchangeability	1 January 2025
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS10 & IAS 28	Amendments – Sales or contribution of assets between an investor and its associate/joint venture	To be determined

2.3 Going Concern

The Group meets its day to day working capital requirement through use of cash reserves and bank borrowings. The directors (the "Directors") have considered the applicability of the going concern basis in the preparation of the consolidated financial statements. This included review of forecasts which show that the Group should be able to sustain its operation within the level of its current debt and equity funding arrangements.

The Group incurred a loss of HK$36,880,440 for the year ended 31 March 2024. This included a fair value loss on financial assets at FVPL of HK$33,511,816 as disclosed in note 15(b). The loss (excluding a fair value loss on financial assets at FVPL) was HK$3,368,624 for the year ended 31 March 2024. On the other hand, the remittance service fee and topup service fee earned by RCPAY Limited (Hong Kong and UK), Regal Crown Technology Limited has a large customer, Junca Japan LLC, in providing approximately USD280,000 for 18 months for the MasterCard Whitelabel program. The business development team expects that there will be another 3-4 sizeable customers similar to Junca Japan LLC from the Japan region to enrol for the MasterCard Whitelabel program on the coming 6 to 9 months. The management team of the Group would like to state that the Group has a strong cash flow (approximately HK$9 million for 2023 and approximately HK$19 million for 2024) through the issuance of a convertible bond with remaining approximately GBP3 million for the coming 9 months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Going Concern (Continued)

Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue operation for the foreseeable future for the reason they have adopted a going concern basis in the preparation of the consolidated financial statements.

2.4 Basis of consolidation

i) Business combination not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the Group, as appropriate. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination not under common control is measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests (if applicable). Total comprehensive income is attributed to the owners of the Company and the non-controlling interest (if applicable) even if this results in the non-controlling interest having a deficit balance. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

ii) Merger accounting for common control combinations

The Company acquired its 100% interest in Regal Crown Technology Limited ("RCTech") on 31 August 2021 by way of a share for share exchange. This is a business combination involving entities under common control and the consolidated financial statements are issued in the name of the Group but they are a continuance of those of RCTech. Therefore the assets and liabilities of RCTech have been recognised and measured in these consolidated financial statements at their pre combination carrying values. The equity structure appearing in these consolidated financial statements (the number and the type of equity instruments issued) reflect the equity structure of the Company including equity instruments issued by the Company to effect the consolidation. The difference between consideration given and net assets of RCTech at the date of acquisition is included in a group reorganisation reserve.

On 28 June 2022 and 7 November 2022, the Group acquired 100% equity interest of RCPay Ltd (Hong Kong) ("RCPay HK"), Regal Crown Technology (Singapore) Pte Ltd ("RC Singapore") and RCPAY Limited ("RCPay UK"), respectively from Mr. Chi Kit Law As RCPay HK, RC Singapore, RCPAY UK and the Group are under common control of Mr. Chi Kit Law before and after the acquisition, the acquisition and the business combination have been accounted for as a business combination under common control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (Continued)

In the consolidated financial statements, the results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Intra-Group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in preparing the consolidated financial statements. Profits and losses resulting from the inter-Group transactions that are recognised in assets are also eliminated. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal 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 previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary.

2.5 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

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.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the reporting date. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

On the disposal of a foreign operation (i.e., 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, loss of joint control over a joint venture that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

2.6 Contingent consideration

Contingent consideration to be transferred by the Group as the acquirer in a business combination is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

2.7 Goodwill

Goodwill arising on an acquisition of a subsidiary is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interests in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired subsidiary.

Goodwill on acquisition of subsidiary is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units ("CGU"). An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired subsidiary over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Goodwill (Continued)

Any resulting gain or loss arising from remeasuring the previously held equity interests in the acquiree at the acquisition-date fair value is recognised in profit or loss or other comprehensive income, as appropriate.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.8 Property, plant and equipment

Property, plant and equipment (other than cost of right-of-use assets as described in note 2.12 are stated at acquisition cost less accumulated depreciation and impairment losses. The acquisition cost of an asset comprises of its purchase price and any direct attributable costs of bringing the assets to the working condition and location for its intended use. Depreciation of assets commences when the assets are ready for intended use.

Depreciation on property, plant and equipment, is provided to write off the cost over their estimated useful life, using the straight-line method, at the following rates per annum:

Furniture & Fixtures	20% per annum
Leasehold Improvement	20% per annum
Office Equipment	20% per annum

The assets' depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

The gain or loss arising on the retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (Continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.10 Financial instruments

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

i) Classification

The Company classifies its financial assets in the following measurement categories:

• those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company classifies financial assets at amortised cost only if both of the following criteria are met:

• the asset is held within a business model whose objective is to collect contractual cash flows; and

• the contractual terms give rise to cash flows that are solely payment of principal and interest

ii) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Company commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

2.10 Financial instruments (continued)

Debt Instruments

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

(iv) Impairment

The Company assesses, on a forward looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses ("ECL") to be recognised from initial recognition of the receivables.

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

Financial liabilities

The Group's financial liabilities include lease liabilities, trade and other payables, borrowings, contingent consideration and convertible loan note.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.10 Financial instruments (continued)

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Convertible loan note

The component of the convertible loan note that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of issue costs. The corresponding dividends on those shares are charged as interest expense in profit or loss.

On the issue of the convertible loan note, the fair value of the liability component is determined using a market rate for a similar note that does not have a conversion option; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in the convertible loan note equity reserve within shareholders' equity, net of issue costs. The value of the conversion option carried in equity is not changed in subsequent years. When the conversion option is exercised, the balance of the convertible loan note equity reserve is transferred to share capital or other appropriate reserve. When the conversion option remains unexercised at the expiry date, the balance remained in the convertible loan note equity reserve is transferred to accumulated profits/losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Issue costs are apportioned between the liability and equity components of the convertible loan note based on the allocation of proceeds to the liability and equity components when the instruments are first recognised. Transaction costs that relate to the issue of the convertible loan note are allocated to the liability and equity components in proportion to the allocation of proceeds.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.12 Lease

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contain an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

For contracts 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 and non-lease component on the basis of their relative stand-alone prices.

<u>Measurement and recognition of leases as a lessee</u>

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Lease (continued)

Measurement and recognition of leases as a lessee (continued)

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented separately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Equity

• "Share capital" represents the nominal value of equity shares.

• "Share premium" represents the amount paid for equity shares over the nominal value.

• "Translation reserve" comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities to HK$.

• "Group reorganisation reserve" arose on the group reorganisation.

• "Accumulated losses" include all current period results as disclosed in the income statements.

No dividends are proposed for the year.

2.14 Revenue recognition

Revenue arises mainly from contracts for IT software development.

To determine whether to recognise revenue, the Group follows a 5-step process:

Step 1: Identifying the contract with a customer

Step 2: Identifying the performance obligations

Step 3: Determining the transaction price

Step 4: Allocating the transaction price to the performance obligations

Step 5: Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Revenue recognition (continued)

Further details of the Group's revenue and other income recognition policies are as follows:

Services income

Revenue from IT software development is recognised over time as the Group's performance creates and enhances an asset that the customer controls. The progress towards complete satisfaction of a performance obligation is measured based on input method, i.e. the costs incurred up to date compared with the total budgeted costs, which depict the Group's performance towards satisfying the performance obligation.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

Remittance and payment service fee income

Remittance and payment service fee income are recognised at the time the related services are rendered.

Media production service income

Media production service income is recognised on an appropriate basis over the relevant period in which the services are rendered.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Revenue recognition (continued)

For certain services provided by the Group, in accordance with the underlying service agreements which negotiated on a case-by-case basis with customer, the Group may receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

2.15 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to income is presented in gross under other income in the consolidated statement of profit or loss and other comprehensive income.

2.16 Impairment of non-financial assets

Property, plant and equipment (including right-of-use assets) and the Company's interests in subsidiaries are subject to impairment testing.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of non-financial assets (Continued)

Impairment loss is reversed if there has been a favourable change in the estimates used to determine the assets' recoverable amount and only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.17 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The Group's contributions to the defined contribution plans are recognised as an expense in profit or loss as employees render services during the year.

Short-term employee benefits

Liability for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

2.18 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

2.18 Related parties (Continued)

(b) the party is an entity and if any of the following conditions applies:
- (i) the entity and the Group are members of the same group.
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) the entity and the Group are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

2.19 Accounting for income taxes

Taxation comprises current tax and deferred tax.

Current tax is based on taxable profit or loss for the period. Taxable profit or loss differs from profit or loss as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

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

2.19 Accounting for income taxes (Continued)

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

2.20 Earnings per ordinary share

The Company presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per ordinary share is calculated by dividing the profit or loss attributable to Shareholders by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted earnings per ordinary share is calculated by adjusting the earnings and number of ordinary shares for the effects of dilutive potential ordinary shares.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive board of Directors.

All operations and information are reviewed together. During the year, in the opinion of the Directors, there is only one reportable operating segment of IT software development in Hong Kong due to its significant portion of operation among all business activities.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 2, Directors have made the following judgement that might have significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Discount rate of lease liabilities and right-of-use assets determination

In determining the discount rate, the Group is required to exercise considerable judgement in relation to determining the discount rate taking into account the nature of the underlying assets, the terms and conditions of the leases, at the commencement date and the effective date of the modification. The Group's rate is referenced to the related party bank borrowing in Hong Kong.

Fair value measurements and valuation processes

Some of the Group's financial assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 and Level 2 inputs are not available, the Group engages an independent firm of professional valuers to perform the valuation. In relying on the valuation report, the Directors have exercised their judgement and are satisfied to establish the appropriate valuation techniques and inputs to the model. The fluctuation in the fair value of the assets and liabilities is reported and analysed periodically.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Whilst the Group considers these valuations are the best estimates, the ongoing changes in market conditions that may result in greater market volatility and may cause further disruptions to the investees'/issuers' businesses, which have led to higher degree of uncertainties in respect of the valuations in the current year. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these consolidated financial instruments. Detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities are set out in note 15, 22, 24 and 26.6.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the management to choose a suitable valuation model and make estimation of the key valuation parameter and other relevant business assumptions.

4. REVENUE

The Group is engaged in provision of IT software development and payment solutions, remittance and payment services and provision of media production services in Hong Kong. Revenue was principally derived from IT software development and payment solutions for both years.

5. OTHER INCOME

	2024 HK$	2023 HK$
Government subsidy (note)	**110,000**	263,200
Gain on termination of lease agreement	**-**	38,132
Sundry income	**237,879**	15,029
Net gain on disposal of financial assets at FVPL	**80,883**	-
Interest income	**597,441**	13,649
	1,026,203	330,010

Note: During the year ended 31 March 2024, the Group received funding support amount HK$110,000 (2023: HK$263,200) from the Animation Support Program, set up by the Government of the Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises for producing animation works.

6. FINANCE CHARGES

	2024 HK$	2023 HK$
Finance charges on lease liabilities	**32,907**	17,080
Interest on bank loan	**175,755**	149,430
	208,662	166,510

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2024 HK$	2023 HK$
Subcontractors' fee	**5,677,221**	8,457,204
Amortisation of intangible assets	**2,711,515**	475,957
Depreciation		
- Property, plant and equipment	**115,212**	12,614
- Right-of-use assets	**384,045**	576,742

7. LOSS BEFORE INCOME TAX (Continued)

During the year the Group obtained following audit and non-audit services:

	2024 HK$	2023 HK$
Audit services:		
Statutory audit – Group and Company	**589,964**	190,000
Non-audit services		
Accountancy review fee – Group and Company	**19,668**	11,894

8. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2024 HK$	2023 HK$
Wages, salaries and other employee benefits	**8,161,460**	4,804,428
Contributions to defined contribution plans	**257,282**	124,476
Housing allowances	**524**	97,500

The average number of persons employed by the Group (including Directors) was 25 during the year (2023: *11*).

The Directors' remuneration for the year was as follows:

	2024 HK$	2023 HK$
Fees	**-**	-
Other emoluments	**2,683,561**	3,201,425

9. INCOME TAX EXPENSE

	2024 HK$	2023 HK$
Tax expense for the year	**128,762**	-

UK corporation tax is calculated at 19% of the estimated assessable profit for the year (2023: Nil).

Hong Kong Profits Tax 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 for the year (2023: Nil). Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future taxable profits streams of the subsidiaries in Hong Kong.

9. INCOME TAX EXPENSE (CONTINUED)

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2024 HK$	2023 HK$
Loss before taxation	**(36,751,678)**	(5,378,451)
Tax at applicable income tax rate	**42,975**	(959,244)
Tax effect of non-deductible expense	**269,383**	870,841
Tax effect of non-taxable income	**(124,820)**	(55,096)
Tax effect on temporary differences	**305,071**	65,880
Tax effect of tax losses not recognised	**359,313**	77,619
Utilisation of tax losses brought forward	**(687,192)**	-
Tax reduction	**(6,000)**	-
Tax at applicable concessionary rate	**(29,968)**	-
Income tax expense	**128,762**	-

10. EARNINGS PER SHARE

	2024 HK$	2023 HK$
Loss attributable to equity shareholders	**(36,880,440)**	(5,378,451)
Weighted average number of ordinary shares	**127,181,165**	108,500,249
Loss per share in HK$:		
Basic	**(29.00 cents)**	(4.96 cents)
Diluted	**(29.00 cents)**	(4.96 cents)

There were no potential dilutive ordinary shares in existence during the years ended 31 March 2024 and 2023, and hence diluted earnings per share is the same as the basic earnings per share.

11. GOODWILL

	2024 HK$	2023 HK$
Cost and net carrying amount		
At 1 April	**-**	-
Additions	**759,289**	-
At 31 March	**759,289**	**-**

Goodwill was derived from the acquisition of 100% equity interests in Mr. Meal Production Limited ("Mr. Meal") and its subsidiary (together the "Mr. Meal Group") at an aggregate consideration of HK$2,000,000 in July 2023. The excess of the consideration transferred over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed of HK$759,289 is recognised as goodwill. At 31 March 2024, the Group assessed the recoverable amount of the goodwill with reference to the cash flow projection of Mr. Meal for the next twelve months and determined that no impairment for goodwill was required.

12. INTANGIBLE ASSETS

Development cost	**HK$**
Cost	
At 31 March 2023 and 1 April 2023	6,660,760
Additions	19,938,476
Exchange realignment	104,400
At 31 March 2023	26,703,636
Accumulated amortisation	
At 31 March 2023 and 1 April 2023	475,957
Charge for the year	2,711,515
Exchange realignment	2,792
At 31 March 2024	3,190,264
Net Book Value	
At 31 March 2024	**23,513,372**
At 31 March 2023	6,184,803

The above intangible assets have definite useful lives. Such intangible assets are amortised on a straight-line basis ranged over 5 years and 10 years.

13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	**Leasehold improvement**	**Furniture & fixtures**	**Total**
	HK$	**HK$**	**HK$**	**HK$**
Cost				
At 31 March 2023 and 1 April 2023	273,004	-	31,000	304,004
Additions	-	-	65,380	65,380
Acquisition of a subsidiary	433,099	100,000	-	533,099
Written off	(45,040)	-	(5,199)	(50,239)
Exchange realignment	-	1,474	-	1,474
At 31 March 2024	661,063	101,474	91,180	853,718
Accumulated Depreciation				
At 31 March 2023 and 1 April 2023	240,057	-	2,890	242,947
Charge for the year	83,610	20,448	11,154	115,212
Acquisition of a subsidiary	38,499	-	-	38,499
Exchange realignment	-	(153)	-	(153)
At 31 March 2024	362,166	20,295	14,044	396,505
Net Book Value				
At 31 March 2024	**298,897**	**81,179**	**77,137**	**457,213**
At 31 March 2023	32,947	-	28,110	61,057

14. RIGHT-OF-USE ASSETS

Lease assets	HK$
Cost	
At 31 March 2023 and 1 April 2023	981,425
Additions	746,470
Written off	(906,683)
At 31 March 2024	**821,212**

Accumulated Depreciation	
At 31 March 2023 and 1 April 2023	776,741
Charge for the year	384,045
Written off	(843,528)
At 31 March 2024	**317,258**

Net Book Value	
At 31 March 2024	**503,954**
At 31 March 2023	204,684

15. FINANCIAL ASSETS AT FVPL

	Notes	**2024 HK$**	2023 HK$
Convertible bonds with put option	*15(a)*	**-**	1,041,064
Equity investments listed in Hong Kong	*15(b)*	**1,017,248**	-
		1,017,248	1,041,064

(a) The Group invested in convertible bonds in a principal amount of HK$1,000,000 with the maturity date on 2 January 2024. The convertible bonds carry interest at 10% per annum. The convertible bonds will be convertible into shares of the bond issuer at the option of the Group upon the bond issuer being listed on the Hong Kong Stock Exchange on or before 13 March 2024. Exact number of shares to be issued upon conversion will depend on the total number of shares of the bond issuer at the time of conversion and the amount of shares of the bond issuer at the time of conversion and the amount of the convertible bonds to be converted into shares. The put option may be exercised by the Group if and only if the exercise event occurs to require the issuer to purchase all but not part of the convertible bonds. During the year ended 31 March 2024, fair value loss on convertible bonds will put option of HK$41,064 was recognised in profit of loss.

(b) On 22 February 2023, the Company as issuer entered into a share subscription agreement with Hatcher Group Limited (a company listed on the Growth Enterprise Market of the Hong Kong Stock Exchange, stock code: 8365) (the "Subscriber" or "Hatcher Group"), pursuant to which the Subscriber has conditionally agreed to subscribe for , and the Company has conditionally agreed to issue and allot, an aggregate of 18,000,000 shares at the subscription price of £0.19 per subscription share for a total consideration of £3,420,000 (the "Subscription"). The consideration for the Subscription shall be settled by the Subscriber by way of the issue and allotment of an aggregate of 38,640,000 shares of the Subscriber at the issue price of HK$0.90 per share to the Company upon completion of the Subscription.

15. FINANCIAL ASSETS AT FVPL (Continued)

The Subscription was completed on 17 April 2023 and the consideration was settled by way of issue and allotment of an aggregate of 38,640,000 shares of the Subscriber at the issue price of HK$0.90 each, totalling HK$34,776,000.

On 27 October 2023, the Company disposed of an aggregate of 8,000,000 shares. Net gain on disposal of equity investments of HK$80,883 was recognised in profit of loss.

The fair values of the equity investments were determined on the basis of quoted market bid price at the end of the reporting period.

During the year ended 31 March 2024, fair value loss on equity investments of HK$33,470,752 was recognised in profit or loss.

Details of the fair value measurements are set out in note 26 to the consolidated financial statements.

16. TRADE AND OTHER RECEIVABLES AND DEPOSIT AND PREPAYMENT

	Notes	2024 HK$	2023 HK$
Trade receivables *(note)*	**16(a)**	**2,349,282**	-
Other receivables		**32,513,666**	17,698,025
Deposit and prepayment		**2,980,887**	3,788,412
		37,843,835	21,486,437

Note:

(a) The Group allows an average credit period of 14 days to its trade customers. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly.

Age of trade receivables that are past due but not impaired are as follows:

	2024 HK$	2023 HK$
Overdue by:		
0 – 30 days	**931,282**	-
31 – 60 days	**150,000**	-
61 – 90 days	**435,000**	-
Over 90 days	**342,500**	-
	1,858,782	-

16. TRADE AND OTHER RECEIVABLES AND DEPOSIT AND PREPAYMENT (Continued)

Trade receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the Directors believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

As at 31 March 2024 and 2023, no ECL has been provided for trade and other receivables, deposit and prepayment. The Group does not hold any collateral over these balances.

The Directors consider that the fair values of trade and other receivables, and deposit and prepayment are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

17. LOAN RECEIVABLES

	2024	2023
	HK$	HK$
Receivables:		
- within one year	**-**	294,500
- in the second to fifth years inclusive	**3,300,000**	-
	3,300,000	294,500
Less: Amount shown under current assets	**-**	(294,500)
Balance due after one year	**3,300,000**	-
Less: Impairment losses	**(42,019)**	-
	3,257,981	-

The loans to independent third parties are unsecured, bearing interest at 10% (2023: 0.1%) per annum and with fixed terms of repayment. The Directors consider that the fair values of loan receivables are not materially different from their carrying amounts.

18. CASH AND CASH EQUIVALENTS

	2024	2023
	HK$	HK$
Cash and bank balance	**19,318,967**	9,548,364

19. TRADE AND OTHER PAYABLES

	2024	2023
	HK$	HK$
Trade payables	**1,751,682**	235,726
Accrued charges and other payables	**2,215,699**	354,038
Contract liabilities	**8,424,227**	750,035
Amount due to a director	**2,097,277**	948,548
	14,488,885	2,288,347

The amount due to a director is unsecured, interest free and repayable on demand.

Contract liabilities represent receipt in advance from a customer in relation to its projects placed with the Group. Changes in contract liabilities primarily relate to the Group's performance of services under the projects.

All amounts are short-term and hence the carrying values of trade and other payables are considered not materially different from their fair value.

20. BORROWINGS

	2024	2023
	HK$	HK$
Bank loans - secured	**4,539,862**	5,299,556
Presented by:		
- Carrying amount repayable on demand or within one year	**785,841**	763,429
- Carrying amount repayable after one year with repayment on demand clause	**3,754,021**	4,536,127
	4,539,862	5,299,556
Less: Amount shown under current liabilities	**(4,539,862)**	(5,299,556)
Non-current liabilities	**-**	-

Bank borrowings are variable interest bearing borrowings which carry interest at 2.5% below Prime Rate per annum. At 31 March 2024, the banking facilities were secured by the joint and several guarantees given by Mr. Chi Kit Law, the ultimate controlling party of the Company.

21. LEASE LIABILITIES

The following table illustrates the remaining contractual maturities of the lease liabilities:

	2024 HK$	2023 HK$
Total minimum lease payments:		
Due within one year	**432,300**	142,100
Due in the second to fifth years	**66,000**	67,050
	498,300	209,150
Future finance charges on lease liabilities	**(20,487)**	(8,296)
Present value of lease liabilities	**477,813**	200,854
Present value of liabilities:		
Due within one year	**412,284**	135,711
Due in the second to fifth years	**65,529**	65,143
	477,813	200,854
Less: Portion due within one year included under current liabilities	**(412,284)**	(135,711)
Portion due after one year included under non-current liabilities	**65,529**	65,143

The Group entered into lease arrangements for car parking space and office with contract period of two years. The Group makes fixed payments during the contract periods. At the end of the lease terms, the Group does not have the option to purchase the properties and the leases do not include contingent rentals.

22. CONVERTIBLE LOAN NOTE

The convertible loan note recognised at the end of the reporting period are calculated as follows:

	2024 HK$	2023 HK$
Liability component		
At 1 April	**-**	-
Fair value of liabilities component at date of issue	**35,265,495**	-
Interest expenses	**-**	-
Conversion of convertible loan note	**-**	-
Exchange realignment	**137,451**	-
At 31 March	**35,402,946**	-
Portion classified as non-current	**-**	-
Current portion	**35,402,946**	-
Equity component		
At 1 April	**-**	-
Fair value of convertible loan note at date of issue	**2,957,651**	-
Conversion of convertible loan note	**-**	-
At 31 March	**2,957,651**	-

22. CONVERTIBLE LOAN NOTE (Continued)

On 2 March 2024, the Group entered into an unsecured convertible loan note with an independent third party (the "lender" or "Noteholder"). The convertible loan note bears no interest with nominal value of GBP4,000,000. The Group may redeem all of the convertible loan note outstanding by paying to the Noteholder in immediately available cleared funds an amount equal to 120% of the outstanding amount of the convertible loan note.

The fair values of the liability component and the equity conversion component were determined at issuance of the convertible loan note. The fair value of the liability component was calculated using cash flows and payoffs discounted at a market interest rate. The value of the conversion option, representing the value of equity component, is credited to a convertible loan note reserve. The market interest rate is based on comparable bonds with similar credit rating and maturity. It is assumed to be constant along the holding period of the convertible loan note. The fair value assessment of the convertible loan note was performed by an independent professional valuer.

For more details of the terms of convertible loans, please refer to the announcement dated on 4 March 2024.

23. SHARE CAPITAL

	2024	2023
	HK$	HK$
Issued shares:		
At the beginning of the reporting period	**28,801,920**	11,500,995
Issue of shares	**1,124,025**	17,300,925
At the end of the reporting period	**29,925,945**	28,801,920

On 22 February 2023, the Company as issuer entered into a share subscription agreement with Hatcher Group Limited (a company listed on the Growth Enterprise Market of the Hong Kong Stock Exchange, stock code: 8365) (the "Subscriber"), pursuant to which the Subscriber has conditionally agreed to subscribe for , and the Company has conditionally agreed to issue and allot, an aggregate of 18,000,000 shares at the subscription price of £0.19 per subscription share for a total consideration of £3,420,000 (the "Subscription"). The consideration for the Subscription shall be settled by the Subscriber by way of the issue and allotment of an aggregate of 38,640,000 shares of the Subscriber at the issue price of HK$0.90 per share to the Company upon completion of the Subscription.

On 22 February 2023, 9,500,000 shares at £0.19 each were issued and allotted by the Company to the Subscriber.

As at 31 March 2023, 9,500,000 shares had been issued and allotted by the Company to the Subscriber. Completion of the Subscription took place on 17 April 2023.

On 3 April 2023, the Company further issued and allotted 8,500,000 shares at £0.19 each to the Subscriber and the Subscription was completed in April 2023.

On 7 September 2023, 3,000,000 shares at £0.58 each were issued and allotted by the Company to the Subscriber.

24. BUSINESS COMBINATION UNDER COMMON CONTROL

a) Acquisition of RCPay HK

On 28 June 2022, the Group acquired 100% equity interest in RCPay HK at a cash consideration of £1 from the ultimate controlling party. As the Group and RCPay HK are under the common control of Mr. Chi Kit Law before and after the acquisition, the business combination has been accounted as a business combination under common control.

The Group elects to account for the common control combination using the pooling-of-interest method and the results of RCPay HK are consolidated by the Group from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The difference between the cash consideration and the carrying amount of the net assets of RCPay HK at the completion date is recognised in group reorganisation reserve amounting to HK$24,792.

Details of the carrying amounts of the assets and liabilities of RCPay HK at the date of acquisition are as follows:

	At 28 June 2022
	HK$
Right-of-use assets	461,391
Trade and other receivables	73,600
Cash and cash equivalents	63,362
Trade and other payables	(107,335)
Lease liabilities	(466,216)
Net assets	24,802
Merger reserve recognised	(24,792)
	10

Net cash inflow arising on the acquisition:

Consideration	(10)
Cash and cash equivalents acquired	63,362
	63,352

24. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

b) Acquisition of RC Singapore

On 28 June 2022, the Group acquired 100% equity interest in RC Singapore at a cash consideration of £1 from the ultimate controlling party. As the Group and RC Singapore are under the common control of Mr. Chi Kit Law before and after the acquisition, the business combination has been accounted as a business combination under common control.

The Group elects to account for the common control combination using the pooling-of-interest method and the results of RC Singapore are consolidated by the Group from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The difference between the cash consideration and the carrying amount of the net liabilities of RC Singapore at the completion date is recognised in group reorganisation reserve amounting to HK$112,395.

Details of the carrying amounts of the assets and liabilities of RC Singapore at the date of acquisition are as follows:

	At 28 June 2022
	HK$
Trade and other receivables	14,879
Cash and cash equivalents	276,116
Trade and other payables	(403,380)
Net liabilities	(112,385)
Merger reserve recognised	112,395
	10

Net cash inflow arising on the acquisition:

Consideration	(10)
Cash and cash equivalents acquired	276,116
	276,106

24. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

c) Acquisition of RCPAY UK

On 7 November 2022, the Group acquired 100% equity interest in RCPAY UK at a cash consideration of £1 from the ultimate controlling party. As the Group and RCPAY UK are under the common control of Mr. Chi Kit Law before and after the acquisition, the business combination has been accounted as a business combination under common control.

The Group elects to account for the common control combination using the pooling-of-interest method and the results of RCPAY UK are consolidated by the Group from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The difference between the cash consideration and the carrying amount of the net liabilities of RCPAY UK at the completion date is recognised in group reorganisation reserve amounting to HK$73,037.

Details of the carrying amounts of the assets and liabilities of RCPAY UK at the date of acquisition are as follows:

	At 7 November 2022 HK$
Cash and cash equivalents	206,691
Trade and other payables	(279,718)
Net liabilities	(73,027)
Merger reserve recognised	73,037
	10

Net cash inflow arising on the acquisition:

Consideration	(10)
Cash and cash equivalents acquired	206,691
	206,681

24. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

d) Acquisition of Mr. Meal Group

On 12 July 2023 (the "Completion Date"), the Group entered into sale and purchase agreements (the "Agreement") with certain independent third parties (the "Vendors") pursuant to which the Group and the Vendors both agree to acquire/ sell the entire equity interests of Mr. Meal Group (the "Mr. Meal Acquisition"). Mr. Meal Group is primarily engaged in the provision of media production services.

Pursuant to the Agreement, the consideration of the Mr. Meal Acquisition is to be satisfied by the Group as follows:

(i) *Initial consideration*
HK$1,000,000 to be paid in cash on completion of the Group being registered as the sole shareholder of Mr. Meal with the Companies Registry in Hong Kong and all the existing key employees shall have entered into the retention agreement with Mr. Meal;

(ii) *Contingent consideration*
HK$1,000,000 to be settled by the allotment of 915 new ordinary shares (determined according to the closing price of the Company's shares listed on the London Stock Exchange on the Completion Date) of the Company (the "Consideration Shares"). The Consideration Shares are contingent on the retention of key employees for a 12-month period and if satisfied will be issued 18 months after the Completion Date of the Mr. Meal Acquisition.

Details of the carrying amounts of the assets and liabilities of Mr. Meal Group at the date of acquisition are as follows:

	At 12 July 2023
	HK$
Consideration	
Cash paid	1,000,000
Contingent consideration – Consideration Shares	1,000,000
	2,000,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	494,600
Deposits and prepayments	36,099
Trade and other receivables	1,047,000
Cash and cash equivalents	454,174
Trade and other payables	(791,162)
Net assets of Mr. Meal Group	1,240,711
Goodwill arising on acquisition	759,289

24. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

a) Acquisition of Mr. Meal Group (Continued)

Net cash outflow arising on the acquisition:

	HK$
Cash consideration paid	(1,000,000)
Cash and cash equivalents acquired	454,174
	(545,826)

The value of the Consideration Shares is mainly based on the trading price of the Company and the relevant indicators, which considered as significant inputs to the valuation. At 31 March 2024, the fair value of the Consideration Shares is estimated to be HK$70,486.

The movements of the Consideration Shares are as follows:

	HK$
Initial recognition on 12 July 2023	1,000,000
Fair value changes	(874,478)
Exchange realignments	(55,036)
	70,486

25. MAJOR NON-CASH TRANSACTIONS

i) Following note 23 to the financial statements, the Subscription was completed on 17 April 2023, 8,500,000 shares at £0.19 each had been issued and allotted by the Company to the Subscriber. As a result, there was an increase in share capital of HK$827,475, increase in share premium of HK$15,849,145, increase in financial assets at FVPL of HK$34,776,000 and decrease in other receivables of HK$18,099,380, respectively.

ii) During the year ended 31 March 2024, the Group entered into acquisition agreement in respect of the addition to intangible assets of 17,199,900, which was financed by way of the issue and allotment of an aggregate of 3,000,000 shares at £0.58 each to the Subscriber. As a result, there was an increase in share capital of HK$296,550 and increase in share premium of HK$16,903,350, respectively.

iii) During the year ended 31 March 2024, the Group entered into the financial lease arrangements in respect of the office, resulted in an increase in the right-of-use assets and lease liabilities of HK$746,470 respectively.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

26.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2024	2023
	HK$	HK$
Financial assets		
Financial assets at fair value		
- Financial assets at FVPL	**1,107,248**	1,041,064
Financial assets at amortised costs		
- Trade receivables	**2,349,282**	-
- Other receivables	**32,513,666**	17,698,025
- Deposit and prepayment	**1,682,543**	3,788,412
- Loan receivables	**3,257,981**	294,500
- Cash and cash equivalents	**19,318,967**	9,548,364
	60,229,687	25,314,128

	2024	2023
	HK$	HK$
Financial liabilities		
Financial liabilities at amortised cost		
- Trade payables	**1,751,682**	235,726
- Accrued charges and other payables	**-**	354,038
- Contract liabilities	**8,424,227**	750,035
- Amount due to a director	**2,097,277**	948,548
- Lease liabilities	**477,812**	200,854
- Borrowings	**4,539,862**	5,299,556
- Convertible loan note	**35,402,946**	-
	52,693,806	7,788,757

26.2 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in the functional currency of respective subsidiaries.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

26.3 Interest rate risk

The Group has no significant interest-bearing assets. Cash at bank earns interest at floating rates based on daily bank deposits rates.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. It is the Group's policy to keep its borrowings at floating rate of interest to minimize the fair value interest rate risk. The Group currently does not have hedging policy. However, the Directors monitor interest rate exposure and will consider necessary action when significant interest rate exposure is anticipated.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate borrowings. The analysis is prepared assuming the borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to Directors and represents Directors' assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis point higher/lower and all other variables were held constant, the Group's pre-tax loss for the year would increase/decrease by HK$45,399 (2023: HK$52,996). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

26.4 Credit risk

The Group's exposure to credit risk mainly arises from granting credit to customers and other counterparties in the ordinary course of its operations. The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 March 2024 refers to the carrying amount of financial assets as disclosed in note 26.1.

The exposures to credit risk are monitored by the Directors such that any outstanding debtors are reviewed and followed up on an ongoing basis. The Group's policy is to deal only with creditworthy counterparties. Payment record of customers is closely monitored. Normally, the Group does not obtain collateral from debtors.

Trade receivables

The Group has applied the simplified approach to assess the ECL as prescribed by IFRS 9. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the past due days. In calculating the ECL rates, the Group considers historical elements and forward looking elements. Lifetime ECL rate of trade receivables is assessed minimal for all ageing bands as there was no recent history of default and continuous payments were received. The Group determined that the ECL allowance in respect of trade receivables for the years ended 31 March 2024 and 2023 is minimal as there has not been a significant change in credit quality of the customers.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

26.4 Credit risk (Continued)

Other financial assets at amortised cost

Other financial assets at amortised cost include deposits, other receivables, loan receivables and cash and cash equivalents.

The Directors are of opinion that there is no significant increase in credit risk on deposits, other receivables, loan receivables and cash and cash equivalents since initial recognition as the risk of default is low after considering the factors as following:

- any changes in business, financial or economic conditions that affects the debtor's ability to meet its debt obligations;
- any changes in the operating results of the debtor;
- any changes in the regulatory, economic, or technological environment of the debtor that affects the debtor's ability to meet its debt obligations.

The Group has assessed that the ECL for deposits, other receivables and loan receivables are minimal under the 12-months ECL method as there is no significant increase in credit risk since initial recognition. The credit risk with related parties is limited because the counterparties are fellow subsidiaries. The Directors have assessed the financial position of these related parties and there is no indication of default.

The credit risk for cash and cash equivalents are considered negligible as the counterparties are reputable banks with high quality external credit ratings.

26.5 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's prudent policy is to regularly monitor its current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements in the short term and longer term.

Analysed below are the Group's remaining contractual maturities for its non-derivative financial liabilities as at the reporting date. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date when the Group is required to pay. Where settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

26.5 Liquidity risk (Continued)

	Carrying amount HK$	Within 1 year or on demand HK$	Over 1 year but within 5 years HK$	Over 5 years HK$	Total contractual undiscounted cash flow HK$
2024					
- Trade and other payables	**3,967,381**	**3,967,381**	**-**	**-**	**3,967,381**
- Amount due to a director	**2,097,277**	**2,097,277**	**-**	**-**	**2,097,277**
- Lease liabilities	**477,812**	**432,300**	**66,000**	**-**	**498,300**
- Bank borrowings	**4,539,862**	**937,440**	**4,062,240**	**-**	**4,999,680**
- Convertible loan note	**35,402,946**	**35,402,946**	**-**	**-**	**35,402,946**
	46,485,278	**42,837,344**	**4,128,240**	**-**	**46,965,584**
2023					
- Trade and other payables	1,339,799	1,339,799	-	-	1,339,799
- Amount due to a director	948,548	948,548	-	-	948,548
- Lease liabilities	200,854	142,100	67,050	-	209,150
- Bank borrowings	5,299,556	930,552	3,722,208	1,240,736	5,893,496
	7,788,757	3,360,999	3,789,258	1,240,736	8,390,993

26.6 Fair values measurement

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the consolidated financial statements on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13 "Fair Value Measurement" with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

- Level 3 (lowest level): unobservable inputs for the asset or liability.

(a) Assets measured at fair value

During the year, there were no transfer between Level 1 and Level 2, nor transfer into and out of Level 3 fair value measurements.

(b) Assets and liabilities with fair value disclosure, but not measured at fair value

The carrying amounts of financial assets and liabilities that are carried at amortised costs are not materially different from their fair values at the end of each reporting period.

27. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return for shareholders by pricing services commensurately with the level of risks.

The Group actively and regularly reviews and manages its capital structure and makes adjustments in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or raises new debt financing.

28. CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2024.

29. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2024.

30. ULTIMATE CONTROLLING PARTY

The Directors are of the opinion that the ultimate controlling party was Mr. Chi Kit Law as at 31 March 2024.

31. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the current year presentation.

32. EVENTS AFTER THE REPORTING DATE

On 3 April 2024, pursuant to the convertible loan note agreement, further 2,023,439 shares of the Company were issued and allotted at £0.01 each to the Subscriber.

On 23 April 2024, pursuant to the convertible loan note agreement, further 3,409,090 shares of the Company were issued and allotted at £0.01 each to the Subscriber.

On 25 April 2024, RC365 Business Advisory Limited was struck off and its investment cost had been fully impaired as at 31 March 2024.

On 15 May 2024, pursuant to the convertible loan note agreement, further 5,357,143 shares of the Company were issued and allotted at £0.01 each to the Subscriber.

On 22 July 2024, a money lender license was granted to the Group through the acquisition of the entire issued share capital of its wholly owned subsidiary, HC Capital Group Limited, for a cash consideration of approximately HK$230,000. HC Capital Group Limited is licenced and regulated in Hong Kong under the Money Lenders Ordinance (Chapter 163).

On 26 June 2024, pursuant to the convertible loan note agreement, further 4,507,211 shares of the Company were issued and allotted at £0.01 each to the Subscriber.

Company statement of financial position as at 31 March 2024

	Notes	2024 HK$	2023 HK$
ASSETS			
Non-current assets			
Investment in subsidiaries	38	**10,516,018**	8,096,269
Intangible assets		**16,294,883**	-
		26,810,901	8,096,269
Current assets			
Financial assets at FVPL		**1,017,248**	-
Amount due from a subsidiary	36	**12,578,505**	10,346,053
Prepayments		**3,054**	-
Other receivables		**32,508,671**	17,698,035
Cash and cash equivalents		**41,098**	-
		46,148,576	28,044,088
Current liabilities			
Other payables		**956,265**	125,786
Amount due to subsidiaries	36	**853**	10
Convertible loan note		**35,402,946**	-
		36,360,064	125,796
Net current assets		**9,788,512**	27,918,292
Non-current liabilities			
Contingent consideration – consideration shares		**70,486**	-
Net assets		**36,528,927**	36,014,561
EQUITY			
Share capital	23	**29,925,945**	28,801,920
Share premium		**49,329,087**	16,576,592
Reserves		**(42,726,105)**	(9,363,951)
Total equity		**36,528,927**	36,014,561

The accompanying notes to the consolidated financial statements on pages 45 to 88 form an integral part of these consolidated financial statements.

Approved by the Board and authorised for issue on 29 July 2024

Timothy Wai Yiu TANG
Director
Company Registration number: 13289422

Company statement of changes in equity for the year ended 31 March 2024

	Share capital	Share premium	Translation reserve	Convertible loan note reserve	Accumulated losses	Total
	HK$	HK$	HK$	HK$	HK$	HK$
At 1 April 2022	**11,500,995**	**16,576,592**	**(26,281)**	**-**	**(6,279,560)**	**21,771,846**
Loss for the year	-	-	-	-	(2,643,257)	(2,643,257)
Exchange differences on translation of financial statements of foreign operations	-	-	(414,953)	-	-	(414,953)
Total comprehensive expenses	-	-	(414,953)	-	(2,643,257)	(3,058,210)
Issue of share capital	17,300,925	-	-	-	-	17,300,925
At 31 March 2023 and at 1 April 2023	**28,801,920**	**16,576,592**	**(441,134)**	**-**	**(8,922,817)**	**36,014,561**
Loss for the year	-	-	-	-	(37,146,875)	(37,146,875)
Exchange differences on translation of financial statements of foreign operations	-	-	827,070	-	-	827,070
Total comprehensive expenses	-	-	827,070	-	(37,146,875)	(36,319,805)
Issue of share capital	1,124,025	32,752,495	-	-	-	33,876,520
Issue of convertible loan note	-	-	-	2,957,651	-	2,957,651
At 31 March 2024	**29,925,945**	**49,329,087**	**385,936**	**2,957,651**	**(46,069,692)**	**36,528,927**

The accompanying notes to the consolidated financial statements on pages 45 to 88 form an integral part of these consolidated financial statements.

Company statement of cash flows
for the year ended 31 March 2024

	2024 HK$	2023 HK$
Cash flows from operating activities		
Loss before income tax	**(37,146,875)**	(3,058,210)
Adjustments for:		
Amortisation of intangible assets	**1,006,626**	-
Fair value loss on financial assets at FVPL	**33,470,752**	-
Fair value gain on contingent consideration	**(874,478)**	-
Net gain on disposal of financial assets at FVPL	**(80,883)**	-
Impairment losses on investment in a subsidiary	**821**	-
Bank interest income	**(280)**	-
Operating cashflow before working capital changes	**(3,624,317)**	(3,058,210)
(Increase)/ decrease in amount due from a subsidiary	**(2,331,954)**	3,329,524
Increase in other payables	**824,163**	125,786
Increase in prepayments	**(3,053)**	-
Increase in other receivables	**(517,876)**	-
Increase in amount due to subsidiaries	**831**	-
Net cash (used in)/generated from operating activities	**(5,652,206)**	397,100
Cashflow from investing activities		
Acquisition of subsidiaries	**(1,420,534)**	-
Proceeds from disposal of financial assets at FVPL	**379,496**	-
Interest received	**280**	-
Net cash used in investing activities	**(1,040,758)**	-
Cashflow from financing activities		
Proceeds from issue of convertible loan note	**5,967,000**	-
Net cash from financing activities	**5,967,000**	-
Net change in cash and cash equivalents	**(725,964)**	-
Effect of exchange rate changes	**767,062**	(397,100)
Cash and cash equivalents at beginning of the year	**-**	-
Cash and cash equivalents at the end of the year	**41,098**	-

The accompanying notes to the consolidated financial statements on pages 45 to 88 form an integral part of these consolidated financial statements.

33. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation:

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with UK-adopted International Accounting Standards.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements. In addition, investments in subsidiaries are stated at cost less, where appropriate, provision for impairment.

34. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement. The loss attributable to the Company for the year ended 31 March 2024 was HK$3,676,123 before the effect of fair value loss on financial assets at FVPL of HK$33,470,752 (2023: loss of HK$2,643,257)

35. STAFF COSTS

During the years ended 31 March 2024 and 2023, all Directors and staff are employed by wholly owned subsidiaries of the Company, and therefore there were no Directors' remuneration and staff costs.

36. AMOUNT DUE FROM A SUBSIDIARY/DUE TO A SUBSIDIARY

The amounts due are unsecured, interest-free and repayable on demand.

37. FINANCIAL INSTRUMENTS

37.1 Credit risk

The main credit risk relates to the other receivables and amount due from a subsidiary. The Directors are of the opinion that these is no significant increase in credit risk on other receivables since payment record is closely monitored. The Directors have assessed the financial position of the subsidiary and there is no indication of default.

37.2 Liquidity risk

The main liquidity risk relates to the other payables and amount due to a subsidiary. The Company's prudent policy is to regularly monitor its current and expected liquidity requirements, to ensure that it maintains sufficient reserves to meet its liquidity requirements in the short term and longer term.

37.3 Capital risk management

The Company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return for shareholders.

The Company actively and regularly reviews and manages its capital structure and makes adjustments in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or raises new debt financing.

38. INTERESTS IN SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2024 are as follows:

Name of subsidiary	Place / country of incorporation and operations	Particulars of issued and paid-up share / registered capital	Percentage of interest held by the Company		Principal activities
			Directly	Indirectly	
Regal Crown Technology Limited	Hong Kong	HK$10,300,001	100%	-	IT software development
RCPay Ltd (Hong Kong)	Hong Kong	HK$10,000	100%	-	Prepaid card consultancy services and licensed money service operation
Regal Crown Technology (Singapore) Pte Ltd	Singapore	SGD100,000	100%	-	IT consultancy and consultancy management services
RC365 Global Limited	British Virgin Islands	USD50,000	-	100%	Finance and treasury centre of the Group
RCPAY Limited	England and Wales	GBP 1	100%	-	Provision of exchange and remittance services and licensed small payment services
Mr. Meal Production Limited	Hong Kong	HK$ 11,111	100%	-	Provision of media production services
美得妙 (珠海)文化傳播有限公司	The People's Republic of China	CNY100,000	-	100%	Media production
RC365 Solution Sdn. Bhd.	Malaysia	RM 1	100%	-	Business management consultancy services
RC365 Business Advisory Limited	Malaysia	USD100	100%	-	Not yet commenced