



# JC Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8326



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Annual Report



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## November 2013 - Successful Listing



Chairman Mr. Jacky Wu kicking off the Market Open Ceremony by striking the 'Gong'.

13 Nov 2013 Chairman Mr. Jacky Wu and CEO & Executive Director Miss Carris Wong signing on the prospectuses which were later submitted to the Hong Kong Stock Exchange.



Dinner celebration for the successful listing at Inakaya.

The Market Open Ceremony took place in HKEx, Exchange Square on 21 Nov 2013. The day that sets a new page on JC Group's history.





## November 2013 - Grand Opening



Grand Opening of Mekikinoginji-Okinawa and Pearl Dining House on 12 Nov 2013. Miss Karena Ng (吳千語小姐) and Miss Chrissie Chau (周秀娜小姐) as our guests of honor for the opening ceremony.

## June 2013 - France



Chef Kwan Wai Chung and Chef of the Century Paul Bocuse, and his protégés in the Three-Michelin-Star restaurant L' Auberge du Pont de Collonges.



## Overseas Cultural Exchange



Chairman Mr. Jacky Wu and Chef Kwan Wai Chung enjoying a delightful dinner prepared by the legendary Chef Paul Bocuse.





## Summer to Autumn 2013 - Japan ㊦



Mekikinoginji-Okinawa Head Chef Yeung Chi Bun with Mekikinoginji-Okinawa's founders. An enriching trip focusing on cuisine research and kitchen training.

Head Chef of Inakaya and PR representative in Miyazaki, Japan. A dinner with representatives of Miyazaki Agricultural Association and Miyazaki traditional dance performers.



Inakaya Teppanyaki Head Chef Arthur Li (Right) was selected as the Ambassador of Miyazaki 'Gyu'. A culture exchange trip to Miyazaki and Saga in Japan. Training with Miyazaki celebrated Chef Ogura Nobuhiro (Middle).

## March 2014 - Vietnam



Head Chef of Vietnamese Cuisine Chan Kwong Min, together with CEO & Executive Director Miss Wong and PR members, in a field in Hoi An, Vietnam. An important visit to bring the local cuisine essence to Hong Kong.





# Corporate Information

## Board of Directors

### Executive Directors

Mr. Wu Kai Char (*Chairman*)  
Ms. Wong Wai Ling (*Chief Executive Officer*)  
Mr. Lui Hung Yen

### Non-Executive Director

Mr. Pan Chik

### Independent Non-Executive Directors

Mr. Law Yiu Sing  
Mr. Chan Wai Hung Clarence  
Ms. Yue Chung Sze Joyce

## Company Secretary

Mr. Chow Chun To (CPA)

## Authorised Representatives

Ms. Wong Wai Ling  
Mr. Chow Chun To

## Audit Committee

Mr. Law Yiu Sing (*Chairman*)  
Mr. Chan Wai Hung Clarence  
Ms. Yue Chung Sze Joyce

## Remuneration Committee

Mr. Law Yiu Sing (*Chairman*)  
Ms. Wong Wai Ling  
Mr. Chan Wai Hung Clarence

## Nomination Committee

Mr. Chan Wai Hung Clarence (*Chairman*)  
Ms. Wong Wai Ling  
Mr. Law Yiu Sing

## Compliance Committee

Ms. Wong Wai Ling (*Chairman*)  
Mr. Chan Wai Hung Clarence  
Mr. Fong Chun Hin Daniel  
Mr. Chow Chun To

## Registered Office

Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

## Head Office and Principal Place of Business in Hong Kong

14th Floor, TAL Building  
45-53 Austin Road  
Tsim Sha Tsui  
Kowloon  
Hong Kong

## Principal Share Registrar and Transfer Office

Appleby Trust (Cayman) Ltd.  
Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited  
18th Floor, Fook Lee Commercial Centre  
Town Place  
33 Lockhart Road  
Wanchai  
Hong Kong

## Principal Banker

The Hongkong and Shanghai Banking Corporation

## Auditors

HLB Hodgson Impey Cheng Limited  
Certified Public Accountants

## Legal Adviser

*As to Hong Kong law:*  
Loong & Yeung

## Compliance Adviser

TC Capital Asia Limited

## Stock Code

8326

## Company's Website

[www.jcgroup.hk](http://www.jcgroup.hk)







# Chairman's Statement

## TO OUR SHAREHOLDERS

On behalf of the Board of Directors (the "Board"), I hereby present the annual report of JC Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2014.

The shares of our Company were listed on the GEM of the Stock Exchange on 21 November 2013. On behalf of the Board, I would like to thank the professional parties involved and our staff for the successful listing. The listing has strengthened our financial position and also raised additional capital for our future development. Besides, it provided a good opportunity to strengthen our internal control function and further promote our Group as a trustworthy and well-organised establishment to the general public.

The year 2013/14 was a milestone year for the Group; the success of the listing is of course a breakthrough to our achievement and our continuous efforts in carrying out our 'Dining is an Experience' concept also yielded great success.

Coinciding with our listing, we have introduced several new and exciting dining experiences into the Hong Kong market, including a French-Japanese fusioned patisserie café ("a la Folie"), two Japanese izakaya restaurants ("Mekiki (WTC)" and "Mekiki (V city)") and two Chinese cuisine restaurants ("Pearl Delights (NTP)" and "Pearl Delights (TST)") as we aim to diversify our product offerings as a part of our major business strategy. The opening of "Mekikinoginji – Okinawa", a modified Japanese izakaya franchise originating from the Okinawa Prefecture of Japan, especially stands out from the rest of the izakaya brands in Hong Kong and has won accolades among the media and diners with its innovative dishes and contemporary interior design. Our extensive experience in serving Japanese cuisines is of no doubt a great contribution to the success of Mekikinoginji – Okinawa.

Our first attempt in running Chinese restaurants has also fulfilled the expectations of our valued customers. The focus on regional Chinese cuisines and Cantonese classic dishes have set a new page of our cuisine profile and positive and profound responses from diners have been received. It has served as an important development of our Group and we will continue to explore opportunities in Chinese dining where demands for fine-quality Chinese eateries are increasing.

In the meantime, revenue generated from our "Inakaya", "Harlan's" and "Kaika" restaurants hit their highest level during the financial year ended 31 March 2014. We believe the revenue generated from the aforementioned restaurants will continue to reach new heights. These three major restaurants performed exceptionally well not only as a business but also as a fine dining brand. Inakaya, Kaika and Harlan's have been awarded, for three consecutive years, the essential credit of 'Best Restaurants' by Asia Tatler, one of the most reputable dining guides in Asia. Further, "Kaika" was recommended in "The MICHELIN Guide Hong Kong and Macau 2014" with two fork & spoon designations representing "satisfying quality of service and food" this year.

We believe retaining the right people in our Group is the key to success. We will continuously incentivise our staff and provide them the opportunity to grow with us with attractive compensation packages, benefits, and thorough training. We will also allow latitude in performing their roles while also holding them accountable for their performance.

It has always been our tradition to offer our staff the opportunity of going on overseas cultural exchanges, which I believe will be enormously beneficial to our staff and to our Group.

Without exception, in the summer of 2013, Mr. Kwan Wai Chung and Mr. Fong Chun Hin Daniel, Executive Chef of Harlan's and our Group's Chief Operating Officer respectively, were invited to Marseille in France where an enriching program including visits to the notable Michelin-starred restaurants and wineries were arranged. Further, a 2-week-practical experience in the world-class kitchen of Michelin-starred restaurants Le Petit Nice – Gérald Passédat and le Môle Passéda was especially prepared for Mr. Kwan Wai Chung.



## Chairman's Statement (continued)

The culinary exchanges were not limited to the regions of Europe. In August 2013, Head Chef of Inakaya, was invited to Miyazaki of the Miyazaki Prefecture in Japan for a 4-day-trip before the joint-campaign of Inakaya and Miyazaki Prefecture was launched. In late summer 2013, Head Chef and Manager of Mekikinoginji – Okinawa finished a very rewarding trip to Okinawa where they obtained hands-on experience working with the local chefs and service staff in Okinawa.

In autumn of 2013, Mr. Arthur Li, Head Chef of Teppanyaki in Inakaya, was nominated by the Miyazaki Prefecture as the Ambassador of Miyazaki Wagyu in the Hong Kong region and had finished a very fruitful cultural exchange in Miyazaki and Saga in Japan.

In March 2014, members from the Board and Marketing Department, together with the Head Chef of PHO 24, took a 4-day-trip to Hoi An and Saigon in Vietnam to gather culinary ideas for the incoming transformation of PHO 24 into PHO Hoi An. The trip included site visits to local farms and restaurants which allowed the chef to further explore the Hoi An Vietnamese cuisine.

We will continue to strengthen overseas training for our staff in the coming years since new ideas are highly treasurable to the Company. Moreover, I hold a belief that everyone working for the Group should be rewarded with valuable experiences that will help them grow not only as a staff, but as a person.

We strive to provide the best dining experience for our customers by serving our customers with the finest ingredients and providing an enjoyable environment and attentive service and we do this with over 10 years of experience in the food and beverage industry in Hong Kong and a good understanding in this market. We believe this commitment is the only way to build and establish a loyal customer base, which would add value for us as well as our shareholders in return. Apart from positioning our Group in the fine dining segment, we will continue to develop our lines in casual dining in order to diversify our risk and create another income stream for the Group.

In closing, I am very pleased with our accomplishments this past year and am highly confident that we do and will continue to do great work on behalf of you, our shareholders. Thank you to our incredible team for their commitment and contribution and thank you, our shareholders and customers, for your interest in and support of the Group. I am excited about what we can achieve together in 2014 and beyond.



**Wu Kai Char**  
*Chairman*

Hong Kong, 13 June 2014





# Management Discussion and Analysis

## BUSINESS REVIEW

The Group is a food and beverage group in Hong Kong operating 9 full-service restaurants, 2 cake shops and 1 café as at 31 March 2014, namely “Inakaya”, “Harlan’s”, “Kaika”, “Mekikinoginji-Okinawa” in Tuen Mun and Causeway Bay, “Hooray”, “Pearl Delights” in Tsim Sha Tsui and Shatin, “PHO24”, “Harlan’s Cake Shop”, “Carousel”, and “a la Folie”. The Group’s philosophy is “unique dining concepts” which is fully reflected in the quality dishes accompanied by a pleasant atmosphere and attentive services. The Group uses quality food ingredients to prepare cuisines based on the recipes that are created by chefs or licensed by way of franchising arrangements, and implements a stringent quality control system to ensure consistency and high food quality. Restaurants are strategically located in prime areas, contemporarily decorated and coupled with trained staff providing attentive services.

In July 2013, the Group closed down three restaurants in ifc mall, Hong Kong. To mitigate the impact of the closing down of the aforesaid restaurants, the Group launched two restaurants and a café, namely “Pearl Dining House” in Tsim Sha Tsui, “Mekikinoginji – Okinawa” in Tuen Mun, and “a la Folie” in Mongkok, in late 2013.

Moreover, the Group has rebranded its Vietnamese cuisine restaurant, namely “PHO24”, in New Town Plaza, Shatin into a Chinese cuisine restaurant, namely “Pearl Delights”, in December 2013.

### Pearl Dining House (rebranded as “Pearl Delights” in March 2014)

In order to continue the business momentum and further expand the variety of the Group’s cuisine offered to its customers, the Group launched its pioneer Chinese cuisine restaurant, the “Pearl Dining House” in The ONE, Tsim Sha Tsui, in September 2013.



To strengthen the promotion campaign for the “Pearl” series, “Pearl Dining House” was rebranded as “Pearl Delights” in March 2014 with a new focus on Cantonese dishes that emphasise on presentation and flavors.

### Mekikinoginji – Okinawa

With a view to capturing the high demand in the matured and densely populated new towns, the Group operated a restaurant under the franchise name of “Mekikinoginji – Okinawa”, a famous izakaya chain well known for its creative dishes and contemporary interior design in the Okinawa Prefecture of Japan. This restaurant commenced its operation in V city, Tuen Mun, in October 2013. On the other hand, the Japanese teppanyaki restaurant operated by the Group, located at World Trade Centre, Causeway Bay, has been rebranded as “Mekikinoginji – Okinawa” in September 2013.



# Management Discussion and Analysis (continued)

## a la Folie

The Group established a café under the tradename of “a la Folie” in Grand Century Plaza, Mongkok, in December 2013. This café targets middle to higher income consumers by serving light refreshments and offering quality baked products, including French and Japanese style breads, rolls and pastries.



## Pearl Delights

The second Chinese cuisine restaurant, namely “Pearl Delights”, under the “Pearl” series was successfully rebranded and changed from the Group’s previous Vietnamese cuisine restaurant in December 2013. The Group believes that it is the right time to bring in a new Cantonese cuisine dining concept that focuses on dim sum and Cantonese barbecue meat for its customers in the Shatin District, one of the most populous districts in Hong Kong.



## Inakaya

Being one of the few robatayaki Japanese restaurants that is located on the upper floors of one of the tallest buildings in the world, Inakaya has successfully maintained and strengthened its upscale and fine image in Hong Kong. There has been very encouraging growth in the revenue of Inakaya for the year ended 31 March 2014, and last year the restaurant had held some of the most remarkable events in Hong Kong which further established the unique connection between Japan and Hong Kong. In March 2013, a Sakura-Dinner together with a sake-auction were held which raised an impressive amount of donation for the 3.11 earthquake refugees. In summer 2013, a large scale promotion jointly organised with Miyazaki Prefecture in Japan received great response from diners and had been widely covered by the press. In Autumn 2013, Inakaya organised a joint promotion with the legendary soba restaurant ‘Sawacho’ in Tokyo. Inakaya was selected as one of the ‘Best Restaurants’ in Hong Kong Tatler – Best Restaurants – Hong Kong and Macau Edition in 2013.





# Management Discussion and Analysis (continued)

## Harlan's

Harlan's, being the Group's trademark restaurant, delivered a great performance in 2013. The revenue has been more than satisfactory and growth of diner's numbers and positive feedback in terms of quality of food and service have been remarkable. With an inviting ambience and plush interior design, the restaurant had been selected frequently as a venue for major corporate events. The restaurant was selected as one of the 'Best Restaurants' in Hong Kong Tatler – Best Restaurants – Hong Kong and Macau Edition in 2013, and has maintained its unique position as one of the finest restaurants with splendid views in the Tsim Sha Tsui area.



## Kaika

The teppanyaki brand has been moving on with enormous momentum which transcended itself from merely a teppenayki restaurant from Ginza Tokyo. In December 2013, Kaika was included in the world-famous 'The MICHELIN Guide' (Hong Kong and Macau 2014) with two fork & spoon designations representing 'satisfying quality of service and food'. The teppanyaki restaurant stayed on top in the market with top-notch food and attentive service, which captured not only frequent diners but also new customers with a discerning palate. The revenue generated from Kaika has been encouraging.



## Harlan's Cake Shop

Harlan's Cake Shop has been growing with a strong and loyal customer base. Delightful pastry, aromatic coffee together with the graceful décor set an inviting tone for the shop which won the hearts among the locals and tourists in the Tsim Sha Tsui area.



# Management Discussion and Analysis (continued)

## Hooray

Acclaimed as the sky garden restaurant, Hooray, with a 12,000 sq. ft. venue, continued to explore new cuisine and dining fashions for the young and trend-setting customers. The restaurant has established a sharp image for modern and adventurous cuisine which had been popular among the young clientele. The prime location with a grand view had been selected by international brands for holding corporate events. Revenue has been growing steadily and is expected to rise after the interior touch-up will be finished in summer 2014.



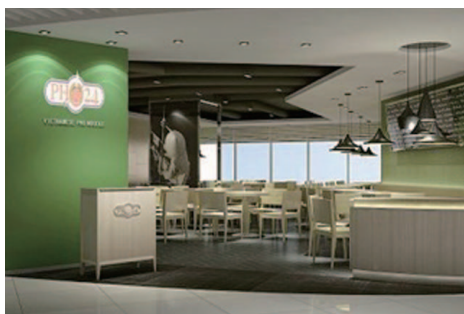
## Carousel Fine Cake & Pastries (a la Folie – Coming Soon)

Carousel Fine Cake & Pastries, being a dainty cake shop brimming with sweet delights, is well accepted as an exclusive cake shop that excels in tailor-made cakes. The shop provides a series of good valued pastry such as cakes, macarons, cookies and is usually frequented by regular customers. An interior touch-up will be finished by the end of summer 2014 and the shop will be rebranded and changed to become a la Folie, to further strengthen the trade name of a la Folie.



## PHO24 (PHO Hoi An – Coming Soon in Summer 2014)

The mass-traffic Vietnamese eatery continued to serve as major casual dining trademark and will be rebranded with a new name PHO Hoi An in late summer 2014. The growth in income in 2014 has been satisfactory and the new brand is expected to strengthen the existing clientele base and establish a new stream of customers with efficient service and an array of Vietnamese cuisines inspired from Hoi An, the world heritage town in Vietnam.



## FINANCIAL REVIEW

### Revenue

For the financial year ended 31 March 2014, the Group recorded revenue of approximately HK\$238,751,000 (2013: approximately HK\$246,072,000), representing a slight decrease of approximately 3% compared with the financial year ended 31 March 2013. Revenue generated from the three restaurants in ifc mall, Hong Kong, represented a significant portion of the Group's revenue last year. To alleviate the impact of the closing down of these restaurants, the Group has adopted the strategies of boosting the revenue of existing outlets and opening new outlets. As a result of the successful implementation of these strategies, revenue was successfully maintained at similar levels.



# Management Discussion and Analysis (continued)

## Cost of inventories sold

The cost of inventories sold for the financial year ended 31 March 2014 amounted to approximately HK\$68,018,000 (2013: approximately HK\$71,286,000). Despite the increase in inflation in general in recent years, the Group was able to maintain the overall cost margin at a level below 30% of revenue for both of the financial years ended 31 March 2013 and 2014. The Directors will continue to monitor the cost of inventories sold as a percentage of revenue, which is a key performance indicator of the overall efficiency and profitability of the restaurant operations.

## Staff costs

The staff costs for the financial year ended 31 March 2014 amounted to approximately HK\$69,671,000 (2013: approximately HK\$69,734,000). The slight decrease was mainly due to the layoff of employees in the three restaurants in ifc mall, Hong Kong, upon closure of those restaurants. With the opening of the three new outlets as mentioned above, the number of employees remained approximately the same as at 31 March 2013 and 2014.

## Property rentals and related expenses

The property rentals and related expenses for the financial year ended 31 March 2014 amounted to approximately HK\$48,325,000 (2013: approximately HK\$47,169,000), representing an increase of approximately 2% as compared to the financial year ended 31 March 2013. The increase was mainly due to the rental expenses of newly-opened outlets and also increases in rent of some of the existing outlets upon the renewal of tenancy agreements during the financial year ended 31 March 2014.

## Net (loss)/profit for the year

For the financial year ended 31 March 2014, the Group recorded loss attributable to owners of the Company of approximately HK\$5,976,000 (2013: profit of approximately HK\$9,971,000). The loss was mainly attributable to the one-off listing expenses of approximately HK\$6,701,000, which incurred in relation to the placing of the shares of the Company on the GEM of the Stock Exchange. If the one-off listing expenses are not taken into account, the Group would record a profit (without listing expenses) for the financial year ended 31 March 2014.

## FUTURE PROSPECTS

Despite the keen competition of the restaurant business in Hong Kong, the Group is able to maintain its market position, changing the landscape of the Hong Kong dining scene since its first restaurant was opened in ifc mall, Hong Kong. To maintain its competitive edge, the Group will continue to adhere to its philosophy – “unique dining concepts”, by developing innovative and tasty dishes, creating a pleasant atmosphere and providing attentive services.

During the financial year ended 31 March 2014, the listing of the shares of the Company on the GEM of the Stock Exchange marked an important milestone in the history of the Group and opened up brand-new opportunities for the Group’s development in the future. Meanwhile, the Group also introduced several new restaurants and a café under different and new brand names to the market.

Looking forward, the Group will continue its expansion by opening new restaurants under new brand names. It is the Group’s strategy to continue to diversify its cuisines and hence the Group welcomes any proposals if they meet the Group’s strategic position.





# Management Discussion and Analysis (continued)

It will also be a core plan to grow with existing young and middle-market brands that are expected to strengthen the Group's role and image in Hong Kong. The Group has realised the potential of mid-market positioned restaurants which have been burgeoning in Hong Kong in recent years and thus it will be one of the Group's major development plans to emphasise on expanding brands with mass-market quality such as Pearl Delights, Mekikinoginji – Okinawa and a la Folie, with equal uncompromising quality of food and service, to match and stay ahead of the current dining stream in Hong Kong.

The Board will continue to identify any potential business opportunities for the Group's further expansion. The Board is optimistic that the Group's persistence in the quality of its food and service will enable the Group to continually grow in the foreseeable future. The Group will continue to make its best efforts in achieving satisfactory returns for the shareholders of the Company (the "Shareholders").

## **Liquidity, Financial and Capital Resources**

### *Capital structure*

As at 31 March 2014, the share capital and equity attributable to owners of the Company amounted to approximately HK\$4,000,000 and HK\$79,871,000 respectively (2013: approximately HK\$11,568,000 and HK\$15,597,000 respectively).

### *Cash position*

As at 31 March 2014, the cash and cash equivalents of the Group amounted to approximately HK\$45,844,000 (2013: approximately HK\$15,352,000), representing an increase of approximately 199% as compared to that as at 31 March 2013.

### *Bank borrowings and charges on the Group's assets*

The Group did not have any bank borrowings nor charges on the assets of the Group as at 31 March 2013 and 2014.

### *Gearing ratio*

As at 31 March 2014, the gearing ratio of the Group was approximately 1% (2013: approximately 59%). The gearing ratio is calculated based on the total debt at the end of the year divided by the total debt plus total equity at the end of the respective year. Total debt represents all liabilities excluding trade payables, other payables and accruals, tax payable and provision for reinstatement costs.

## **Exchange Rate Exposure**

Since most of the revenue and expenditures are made in Hong Kong dollars, the Group is not exposed to significant foreign exchange exposure.

## **Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets**

Apart from the reorganisation in relation to the listing of the shares of the Company, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2014. Save for the business plan as disclosed in the prospectus of the Company dated 14 November 2013, there is no plan for material investments or capital assets as at 31 March 2014.



# Management Discussion and Analysis (continued)

## Contingent Liabilities

As at 31 March 2014, the Group had no material contingent liabilities (2013: nil).

## Capital Commitment

As at 31 March 2014, the Group did not have any capital commitments (2013: approximately HK\$35,000).

## Employees and Emolument Policies

The Group had 264 employees (including Directors) as at 31 March 2014 (2013: 268 employees). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

## Comparison of Business Plan with Actual Business Progress

The following is a comparison of the Group's business plan as set out in the Company's prospectus dated 14 November 2013 (the "Prospectus") with actual business progress for the year ended 31 March 2014.

<b>Business plan as set out in the Prospectus</b>	<b>Progress up to 31 March 2014</b>
<b>Diversification of product offerings</b>	
Open of Pearl Chamber with an expected usable area and seating capacity of approximately 220 sq.m. and 60 seats in the first quarter of 2014.	The Group is in the progress to identify the location.
Open of another new Japanese cuisine restaurant under "Mekikinoginji – Okinawa" by 31 March 2015.	The Group is in the progress to identify the location.
<b>Enhancement of existing restaurant facilities</b>	
Change and rebrand PHO24 to Pearl Delights in New Town Plaza, Shatin, focusing on Cantonese cuisine.	Peal Delights has been rebranded and opened in December 2013.
Enhance the restaurant facilities of Harlan's and Kaika and Inakaya to increase the efficiency.	The Group is in the progress to enhance existing facilities.



# Management Discussion and Analysis (continued)

## Strengthening of staff training

Provide trainings for different aspects of the operations of restaurants to improve their practical business skills. The Group has employed personnel to design a training programme.

## Enhancement of marketing and promotions

Reinforce its reputation in providing high quality of food and dining environment. The Group has arranged regular advertising campaigns.

The net proceeds from the listing of the shares of the Company by way of placing on the GEM of the Stock Exchange (“Placing”) were approximately HK\$25.1 million, which was based on the final placing price of HK\$0.5 per share and the actual expenses related to the listing. Accordingly, the Group adjusts the use of proceeds in the same manner and proportion as shown in the Prospectus.

The net proceeds from the Placing from the date of listing, i.e. 21 November 2013 (the “Date of Listing”), to 31 March 2014 had been applied as follows:

	Use of proceeds as shown in the Prospectus from the Date of Listing to 31 March 2014 HK\$'000	Actual use of proceeds from the Date of Listing to 31 March 2014 HK\$'000
Diversification of product offerings	7,300	–
Enhancement of existing restaurant facilities	1,800	1,800
Strengthening of staff training	1,105	447
Enhancement of marketing and promotions	1,105	664
Additional general working capital	2,205	2,205
<b>Total</b>	<b>13,515</b>	<b>5,116</b>

The Directors will constantly evaluate the Group’s business objective and will change or modify plans against the changing market condition to ascertain the business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong.



# Biographies of Directors and Senior Management

## EXECUTIVE DIRECTORS

### **Mr. Wu Kai Char (胡啟初), aged 58** **Chairman and Executive Director**

Mr. Wu is one of the founders of the Group and was appointed as the executive Director and Chairman of the Board on 2 November 2013. Mr. Wu is responsible for the strategic development and management of the Group's business and operations.

Mr. Wu has over 20 years of experience in the hotel and restaurant supplies industry in Hong Kong and China. Mr. Wu is a director of Well-In Holdings Limited ("Well-In Holdings") and Well-In Hotel Supplies Company Limited ("Well-In"), a manufacturer and international supplier in food industry that produces fine quality silver and tableware equipment for international hotel chains and restaurant groups. Mr. Wu was the director of Yan Oi Tong (仁愛堂) for the period 1994-1998, a chairman of the Lions Club International Foundation (獅子會) for the period of 1992-1993 and also nominated as the "Top Ten Chinese Entrepreneur" (十大優秀華人企業家) in 2010 by The World Chinese Entrepreneur Association (世界華人企業家協會).

### **Ms. Wong Wai Ling (黃慧玲), aged 52** **Executive Director and Chief Executive Officer**

Ms. Wong was appointed as a Director on 21 June 2013. She was re-designated as an executive Director and appointed as the Chief Executive Officer on 2 November 2013. She joined the Group on 2 March 2006 and is one of the founders of the Group. Ms. Wong is primarily responsible for the Group's overall corporate strategies, financial management and business development. Ms. Wong has over 8 years of experience in the food and beverage industry since the commencement of business of the Group. Further, Ms. Wong is a certified public accountant with over 20 years of experience in accounting, auditing and taxation.

Ms. Wong received a bachelor of arts degree from the University of Hong Kong in 1983 and a diploma in accounting and finance from the London School of Economics and Political Science, University of London in 1985. Ms. Wong was qualified as an associate of the Association of Chartered Certified Accountants in 1990 and registered as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in 1991. Ms. Wong is now a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Ms. Wong is an independent non-executive director of China Ruifeng Renewable Energy Holdings Limited (stock code: 527), Overseas Chinese Town (Asia) Holdings Limited (stock code: 3366), AVIC International Holdings Limited (stock code: 161) and Yongsheng Advanced Materials Company Limited (stock code: 3608), all of which are companies whose shares are listed on the Main Board of the Stock Exchange. Ms. Wong also acts as the chairperson of the audit committee of each of these listed companies.

### **Mr. Lui Hung Yen (雷鴻仁), aged 61** **Executive Director**

Mr. Lui joined the Group on 25 June 2010 and was appointed as an executive Director of the Company on 2 November 2013. Mr. Lui is responsible for the strategic development and management of the Group's business and operations together with Mr. Wu and Ms. Wong.





# Biographies of Directors and Senior Management (continued)

Mr. Lui serves as a director of Hang Tai Metal Company Limited (恒泰五金有限公司) and Famewell Limited (豐行有限公司) and has been engaged in metal trading business since 1996.

Mr. Lui is now the chairman of Hong Kong Metal Merchants Association (香港五金商業總會). Mr. Lui also takes part in non-governmental organisations. He is the vice president of the Association of the Directors and Former Directors of Yan Oi Tong Limited (仁愛堂歷屆總理聯誼會有限公司), a director of Lions Club of Tuen Mun Limited (香港屯門獅子會有限公司), and a director of Lions Clubs Osteoporosis Education and Research Foundation Limited (國際獅子會骨質疏鬆教育及董事研究基金有限公司). Moreover, Mr. Lui was granted with the Tuen Mun Community Service Award (屯門區社會服務嘉許狀) in January 2013.

## NON-EXECUTIVE DIRECTOR

### **Mr. Pan Chik (潘稷), aged 46** **Non-executive Director**

Mr. Pan was appointed as a non-executive Director on 2 November 2013. Mr. Pan obtained a bachelor of arts degree in accounting, finance and economics from the University of Essex in July 1991.

Mr. Pan has approximately 18 years of experience in investment services and asset management. During the period from May 1993 to April 2007, Mr. Pan worked in Lippo Securities Holdings Limited and his last position held was the associate director – investment services.

In May 2009, Mr. Pan acquired an indirect 100% shareholding interest in Astrum Capital Management Limited (“Astrum”) and now he holds 85% interest in Astrum. He is currently a director and a responsible officer of Astrum.

Mr. Pan was a non-executive director of Zebra Strategic Holdings Limited (stock code: 8260) from April 2013 to December 2013, whose shares are listed on GEM since 10 April 2013. He was also an independent non-executive director of Chinese Energy Holdings Limited (formerly known as iMerchants Limited) (stock code: 8009) from March 2008 to November 2009 and Sing Pao Media Enterprises Limited (formerly known as SMI Publishing Group Limited) (stock code: 8010) from September 2009 to August 2011, all of whose shares were listed on GEM.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### **Mr. Law Yiu Sing (羅耀昇), aged 46** **Independent non-executive Director**

Mr. Law was appointed as an independent non-executive Director on 2 November 2013. Mr. Law has been a certified practising accountant of the CPA Australia since 2005, a certified public accountant of the Hong Kong Institute of Certified Public Accountants since 2006, and a certified tax adviser of the Taxation Institute of Hong Kong since 2013.

Mr. Law obtained a bachelor’s degree of engineering from the Concordia University in Canada in 1990. He later completed a master degree in business administration in the University of Hong Kong in 1999 and completed a master degree of practicing accounting in the Monash University in Australia in 2004. Mr. Law also obtained a graduate diploma in English and Hong Kong law (Common Professional Examination) from the Manchester Metropolitan University in 2009. Mr. Law is also a founding member of the Institute of Accountants Exchange.



## Biographies of Directors and Senior Management (continued)

Mr. Law has over 20 years of experience in the field of financial and business management. From October 1995 to October 1997, Mr. Law was the general manager in the corporate development department of COSCO Pacific Limited (stock code: 1199), the issued shares of which are listed on the Main Board of the Stock Exchange. From August 2000 to May 2002, Mr. Law was the deputy general manager of business development of China Chengtong Development Group Limited (stock code: 217), the issued shares of which are listed on the Main Board of the Stock Exchange. From January 2003 to November 2004, Mr. Law served as the director of corporate finance and the assistant to the chief financial officer of Capisces International (H.K.) Limited. From January 2006 to January 2007, Mr. Law worked at the Official Receiver's Office as Insolvency Officer II. From February 2007 to March 2009, Mr. Law served as the vice president of Yangtze Capital Management Limited. From July 2009 to July 2010, Mr. Law served as the chief financial officer of Jimei Development Holdings Ltd.

Mr. Law is currently the Deputy CFO and Treasury Manager of Brightoil Petroleum (Holdings) Limited (stock code: 933), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange.

### **Ms. Yue Chung Sze Joyce (余頌詩), aged 43** **Independent non-executive Director**

Ms. Yue was appointed as an independent non-executive Director on 2 November 2013. She obtained a bachelor of arts degree from The University of Hong Kong in November 1993. Ms. Yue worked in Emperor Investment (Management) Ltd. as an executive assistant of chairman's office from August 1999 to February 2010. From January 2011 to May 2012, she was a director of Wealthy Year Investment Limited which traded under the business name of Maia Jewelry Salon in customised diamond jewelry business.

Ms. Yue was a director of Heview Enterprises Limited, a company incorporated in Hong Kong, prior to its dissolution. As confirmed by Ms. Yue, Heview Enterprises Limited was an investment holding company and it was dissolved on 26 August 2005 because it ceased to carry on any business or operation. Its name was thus struck off from the register of companies by the Registrar of Companies of Hong Kong under section 291 of the then Companies Ordinance (currently section 744 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)). Ms. Yue confirms that there was no claim against her during her directorship in Heview Enterprises Limited.

### **Mr. Chan Wai Hung Clarence (陳偉雄), aged 54** **Independent non-executive Director**

Mr. Chan was appointed as an independent non-executive Director on 2 November 2013. Mr. Chan obtained a certificate in advanced food and beverage service from the Haking Wong Technical Institute in 1984. He obtained a certificate in hotel, catering and institutional operations in 1986 and obtained the higher certificate in hotel, catering and institutional management in 1989 both from the Hong Kong Polytechnic University.

Mr. Chan has over 30 years of experience in the food and beverage industry. From June 1989 to April 1995, Mr. Chan worked in the Grand Hyatt Hong Kong, and his last position was manager at Grand Cafe. From April 1995 to February 2001, Mr. Chan worked in The Royal Garden and his last position was the food & beverage manager and was in charge of the food and beverage department and supervised all the outlet managers. Mr. Chan is currently the club manager of the China Club – Hong Kong.



# Biographies of Directors and Senior Management (continued)

## SENIOR MANAGEMENT

### **Mr. Fong Chun Hin Daniel (方駿軒), aged 46** **Chief Operating Officer**

Mr. Fong is the Chief Operating Officer of the Group. Mr. Fong joined the Group in April 2011 and is responsible for overseeing and managing the daily operations of the Group's restaurants and supervising the wait staff of the restaurants to ensure the clients of the restaurants are well served. Mr. Fong has around 24 years of operating and managing experience in hotels and restaurant groups accumulated from the various working experience in Beijing and Hong Kong. Mr. Fong has worked as operations manager in China Club, Chinese Restaurant Manager in Panda Hotel, Restaurant Manager in Hong Kong Jockey Club and Senior Administrative Manager in Beijing Chiu Chow Garden Restaurant (Beijing).

Mr. Fong completed the "Wonder-Host Training" programme organised by Hong Kong Tourism Board and endorsed by The Hong Kong Polytechnic University in 2002. Mr. Fong also completed a "20-Week Part-time Day Course in Food and Beverage Supervisory" course organised by the Hospitality Industry Training and Development Centre of Vocational Training Council in 2001, a "Customer Service Concept Training" programme organised by the Hong Kong Convention and Exhibition Center in 1992, a "Food & Beverage Service" course (餐飲從業員基本課程) organised by The Vocational Training Council in 1986. He was awarded "WSET\_ LEVEL 2 INTERMEDIATE CERTIFICATE IN WINES AND SPIRITS" in 2006 hosted by the International Wine & Spirit Centre.

### **Mr. Chow Chun To (鄒振濤), aged 31** **Company Secretary and Financial Controller**

Mr. Chow joined the Group since 18 May 2013 and was appointed as the Financial Controller of the Group on 2 November 2013. Mr. Chow was appointed as the company secretary on 23 December 2013. He graduated from The Hong Kong Polytechnic University with a bachelor's degree in accountancy in 2006. He has over 8 years of accounting and audit experience. Prior to joining the Group, he was the Financial Manager of Chiho-Tiande (HK) Limited, a wholly-owned subsidiary of Chiho-Tiande Group Limited (stock code: 976). He was mainly responsible for financial reporting and compliance. He worked at Deloitte Touche Tohmatsu from February 2008 to April 2011 with the last position being a senior in audit department. Currently he is responsible for the accounting and financial functions, as well as development of internal control of the Group.

### **Ms. Wu Wing Yee (胡詠儀), aged 30** **Marketing Director**

Ms. Wu was appointed as the Marketing Director of the Group on 2 November 2013. She joined the Group in April 2012 and is responsible for leading the marketing team to handle advertising and promotional campaigns and promote the brand awareness and image of the restaurants in line with the marketing strategy of the Group. Ms. Wu graduated from Simon Fraser University with a bachelor of arts degree in 2006. Ms. Wu is the daughter of Mr. Wu Kai Char.

### **Ms. Au On Yee (歐安怡), aged 31** **Public Relations Manager**

Ms. Au joined the group in September 2010 and was appointed as Public Relations Manager on 15 March 2013. Ms. Au is responsible for media communication to enhance the Group's position in the market as well as raising the brand awareness through promotion campaigns and media events. Ms. Au graduated from City University of Hong Kong with a Bachelor of Arts degree.



# Directors' Report

The Directors present to the Shareholders this annual report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2014 (the "Year").

## PRINCIPAL ACTIVITIES

The principal business activity of the Company is investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in note 17 to the consolidated financial statements in this annual report.

There were no significant changes in the nature of Group's activities during the Year.

## RESULTS

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

## FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year. (2013: nil)

## ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting ("AGM") of the Company will be held on 31 July 2014 (Thursday) at Harlan's, 19th Floor, The ONE, 100 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong. For determining entitlement to attend the forthcoming AGM, the register of members of the Company will be closed from 30 July 2014 (Wednesday) to 31 July 2014 (Thursday), both days inclusive, during which period no transfer of Shares will be registered. The record date will be 31 July 2014 (Thursday). In order to qualify for attending the forthcoming AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong before 4:30 p.m. on 29 July 2014 (Tuesday).

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 15 to the consolidated financial statements in this annual report.

## FINANCIAL SUMMARY

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last three financial years, as extracted from the audited consolidated financial statements in this annual report and the prospectus of the Company dated 14 November 2013 (the "Prospectus"), is set out on page 98. This summary does not form part of the audited consolidated financial statements in this annual report.

## SHARE CAPITAL

Details of the Company's paid up capital for the Year are set out in note 27 to the consolidated financial statements in this annual report.





# Directors' Report (continued)

## PRE-EMPTIVE RIGHTS

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries from the listing of the Company on the Growth Enterprise Market ("GEM") Board of the Stock Exchange on 21 November 2013 (the "Date of Listing") to the end of the Year.

## TRANSFER TO RESERVES

Loss attributable to equity shareholders, before dividends, of approximately HK\$5,976,000 has been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 48 of this annual report.

## MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Apart from the reorganisation in relation to the listing of the shares of the Company, during the Year, there was no material acquisition, disposal or investment by the Group.

## CONTINUING CONNECTED TRANSACTIONS

Particulars of the continuing connected transactions entered into by the Group during the Year are set out in the Prospectus, which include the following transactions which are subject to reporting and annual review requirements under Chapter 20 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"):

### A. Master Utensils Supply Agreement

On 2 November 2013, Well-In Hotel Supplies Company Limited ("Well-In") and the Group entered into a master utensils supply agreement (the "Master Utensils Supply Agreement"), pursuant to which Well-In agreed to supply utensils to the Group at a price which shall be determined on an arm's length negotiations based on the prevailing market rates or at rates similar to those offered by Well-In to independent third parties for the supply of similar utensils. The term of the Master Utensils Supply Agreement is from 21 November 2013 to 31 March 2016. The annual caps for amounts payable by the Group to Well-In under the Master Utensils Supply Agreement are HK\$2,200,000, HK\$3,000,000 and HK\$2,900,000 for the three years ending 31 March 2014, 31 March 2015 and 31 March 2016, respectively. Well-In is a company controlled by Mr. Wu who is an executive Director and the Chairman of the Board and therefore is a connected person of the Company under the GEM Listing Rules.

During the Year, the sum received by Well-In from the Group under the Master Utensils Supply Agreement amounted to approximately HK\$307,000, which is within the annual cap of HK\$2,200,000 as set out in the Prospectus.



## B. Master Bakery Products Supply Agreement

On 2 November 2013, JC & Associates Limited (“JC & Associates”) and the Group entered into a master bakery products supply agreement (the “Master Bakery Products Supply Agreement”), pursuant to which JC & Associates agreed to supply bakery products to the Group at a price which shall be determined on an arm’s length negotiations based on the prevailing market prices or at prices similar to those offered by JC & Associates to independent third parties for the supply of similar bakery products. The term of the Master Bakery Products Supply Agreement is from 21 November 2013 to 31 March 2016. The annual caps for amounts payable by the Group to JC & Associates under the Master Bakery Products Supply Agreement are HK\$4,100,000, HK\$5,300,000 and HK\$5,800,000 for the three years ending 31 March 2014, 31 March 2015 and 31 March 2016, respectively. JC & Associates was a company owned as to 31% by each of Ms. Wong Wai Ling (“Ms. Wong”) and Mr. Wu Kai Char (“Mr. Wu”) during the Year and is therefore a connected person of the Company under the GEM Listing Rules.

During the Year, the sum received by JC & Associates from the Group under the Master Bakery Products Supply Agreement amounted to approximately HK\$3,467,000, which is within the annual cap of HK\$4,100,000 as set out in the Prospectus.

The Stock Exchange granted to the Company a waiver with respect of the above transactions from the announcement requirement of Chapter 20 of the GEM Listing Rules. For details, please refer to the section headed “Continuing Connected Transactions” of the Prospectus.

All independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

1. in the ordinary and usual course of business of the Company;
2. on normal commercial terms or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
3. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company’s auditors have also confirmed in writing to the Board that the continuing connected transactions:

1. have received the approval of the Company’s board of directors;
2. are in accordance with the pricing policies of the Company;
3. have been entered into in accordance with the relevant agreements governing the transactions; and
4. have not exceeded the relevant annual caps as disclosed in the Prospectus.



# Directors' Report (continued)

Save as disclosed above, the Directors consider that those material related party transactions disclosed in notes 21 and 32 to the consolidated financial statements in this annual report did not fall under the definition of “connected transactions” or “continuing connected transactions” (as the case may be) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules.

## MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for less than 30% of the total sales for the Year and sales to the largest customer included therein amounted to less than 5% of the total sales for the Year. Purchases from the Group's five largest suppliers accounted for approximately 34% of the total purchases for the Year and purchase from the Group's largest supplier included therein amounted to approximately 12% of the total purchases for the Year.

Save for the purchase from JC & Associates (a company beneficially owned as to 38.5% by Mr. Wu Kai Char and 38.5% by Ms. Wong Wai Ling), being one of the Group's five largest suppliers, none of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

## DIRECTORS

As at the date of this report, the Directors are:

### Executive Directors:

Mr. Wu Kai Char (*Chairman*) (*appointed on 2 November 2013*)

Ms. Wong Wai Ling (*Chief Executive Officer*) (*appointed on 2 November 2013*) (*Note*)

Mr. Lui Hung Yen (*appointed on 2 November 2013*)

### Non-executive Director:

Mr. Pan Chik (*appointed on 2 November 2013*)

### Independent Non-executive Directors:

Mr. Law Yiu Sing (*appointed on 2 November 2013*)

Mr. Chan Wai Hung Clarence (*appointed on 2 November 2013*)

Ms. Yue Chung Sze Joyce (*appointed on 2 November 2013*)

In accordance with Article 112 of the articles of association of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company. By virtue of Article 112 of the articles of association of the Company, all the Directors will retire at the forthcoming AGM and, all being eligible, will offer themselves for re-election at the said meeting.

*Note:* Ms. Wong was appointed as a Director on 21 June 2013. She was re-designated as an executive Director and appointed as the Chief Executive Officer on 2 November 2013.



## **DIRECTORS' SERVICE CONTRACTS**

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 21 November 2013 and may be terminated by either party by giving at least three months' written notice.

Mr. Pan Chik, being a non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 21 November 2013 and may be terminated by either party by giving at least one month's written notice.

Each of the independent non-executive Directors has entered into a service contract with the Company for a term of two years commencing from 21 November 2013 and may be terminated by either party by giving at least one month's written notice.

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## **BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT**

The biographical details of Directors and senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 19 to 22 of this annual report.

## **DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION**

Details of the Directors Emoluments and the five individuals with the highest emoluments are set out in notes 9 and 10 to the consolidated financial statements in this annual report.

## **INTERESTS OF DIRECTORS IN CONTRACTS**

Apart from the contracts relating to the reorganisation in relation to the listing of the shares of the Company and save as disclosed in this annual report, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Apart from the contracts relating to the reorganisation in relation to the listing of the shares of the Company, no contract of significance has been entered into during the Year between the Company or any of its subsidiaries and the controlling Shareholders or any of its subsidiaries.

## **MANAGEMENT CONTRACTS**

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





# Directors' Report (continued)

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

During the Year, none of the Directors or any of their respective associates has any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group.

All the independent non-executive Directors are delegated with the authority to review the non-competition undertakings (the "Non-competition Undertakings") dated 2 November 2013 given by Ms. Wong, Mr. Wu, Mr. Zhang Fuzhu ("Mr. Zhang"), Mr. Lui Hung Yen ("Mr. Lui") and Victory Stand International Limited ("Victory Stand"). The independent non-executive Directors were not aware of any non-compliance of the Non-competition Undertakings given by Ms. Wong, Mr. Wu, Mr. Zhang, Mr. Lui and Victory Stand for the period from 21 November 2013 and up to the date of this annual report.

## **RETIREMENT BENEFITS PLANS**

Particulars of retirement benefits plans of the Group as at 31 March 2014 are set out in note 31 to the consolidated financial statements.

The Group has participated in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Group has not participated in any other pension schemes.

## **DISTRIBUTABLE RESERVES**

As at 31 March 2014, the Company's reserves available for distribution represent the share premium, and retained profit and the aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to approximately HK\$21,146,000.

Detail of movements in the reserves of the Company and the Group during the Year are set out in note 29 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

## **INTERESTS OF THE COMPLIANCE ADVISER**

As confirmed by the Group's compliance adviser, TC Capital Asia Limited (the "Compliance Adviser"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 8 November 2013, none of the Compliance Adviser or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.



## INTERESTS AND SHORT POSITIONS OF DIRECTORS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2014, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the Growth Enterprise Market ("GEM") Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### *Long position in the Shares*

Name of Director	Capacity/Nature	Number of Shares held/ interested	Approximate percentage of interests
Mr. Pan Chik	Interest in a controlled corporation ( <i>Note</i> )	82,500,000	20.63%

*Note:* These 82,500,000 Shares are held by Dragon Flame Holdings Limited ("Dragon Flame"), the entire issued share capital of which is legally and beneficially owned by Mr. Pan Chik. Mr. Pan Chik is deemed to be interested in all the Shares held by Dragon Flame under the SFO. Mr. Pan Chik is a non-executive Director.

### *Long positions in the shares of associated corporation*

Name of Directors	Name of associated corporations	Capacity/Nature	Number of ordinary shares interested	Approximate percentage of interests
Mr. Wu Kai Char ("Mr. Wu")	Victory Stand International Limited ("Victory Stand")	Beneficial owner	2,975	29.75%
Ms. Wong Wai Ling ("Ms. Wong")	Victory Stand	Beneficial owner	1,624	16.24%
Mr. Lui Hung Yen ("Mr. Lui")	Victory Stand	Beneficial owner	813	8.13%

Save as disclosed above, as at 31 March 2014, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.



# Directors' Report (continued)

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2014 and so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying Shares which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

### *Long positions in the Shares*

<b>Name of Shareholders</b>	<b>Capacity/Nature</b>	<b>Number of Shares held/ interested</b>	<b>Approximate percentage of interests</b>
Victory Stand	Beneficial owner	217,500,000	54.38%
Mr. Zhang Fuzhu ("Mr. Zhang")	Interest in a controlled corporation <i>(Note 1)</i>	217,500,000	54.38%
Dragon Flame	Beneficial owner	82,500,000	20.63%
Ms. Liu Ming Lai, Lorna	Interest of spouse <i>(Note 2)</i>	82,500,000	20.63%

#### *Notes:*

1. These 217,500,000 Shares are held by Victory Stand, the entire issued share capital of which is legally and beneficially owned as to 45.88%, 29.75%, 16.24% and 8.13% by Mr. Zhang, Mr. Wu, Ms. Wong and Mr. Lui, respectively. Mr. Zhang is deemed to be interested in all the Shares held by Victory Stand under the SFO. Ms. Wong, Mr. Wu and Mr. Lui are the executive Directors. Each of Mr. Zhang, Ms. Wong, Mr. Wu and Mr. Lui is a director of Victory Stand.
2. Ms. Liu Ming Lai, Lorna is the spouse of Mr. Pan Chik. Under the SFO, Ms. Liu Ming Lai, Lorna is deemed to be interested in all the Shares in which Mr. Pan Chik is interested.

Save as disclosed above, as at 31 March 2014, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

## DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Interests and short positions of Directors in shares, underlying shares and debentures of the Company or its associated corporations" above, and "Share Option Scheme" below, at no time during the Year was the Company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



## SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 2 November 2013. The following is a summary of the principal terms and conditions of the Share Option Scheme.

### 1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

### 2. Participants

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group.

### 3. Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of all the Shares in issue as at the Date of Listing (i.e. a total of 40,000,000 Shares representing 10% of the issued share capital of the Company as at the date of this report).

### 4. Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

### 5. Term of subscription of Shares upon exercise of the options

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

### 6. Minimum period for which an option must be held before it can be exercised

The Board may in its absolute discretion set a minimum period for which an option must be held and performance targets must be achieved before an option can be exercised.





# Directors' Report (continued)

## 7. Time of acceptance and the amount payable on acceptance of the option

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

## 8. Basis of determining the subscription price

The subscription price of a share of the Company (the "Share") in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

## 9. Life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the Adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

Since the adoption of the Share Option Scheme up to the date of this report, no share options have been granted pursuant to the Share Option Scheme.

There is no option outstanding, granted, cancelled and lapsed during the Year.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Group employed approximately 264 full-time staff members. The Directors and senior management receive compensation in the form of fees, salaries, allowances, benefits in kind and/or discretionary bonuses relating to our performance. When reviewing and determining the specific remuneration packages for the executive Directors and senior management, the Company takes into consideration factors such as among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

The Group's remuneration to employees includes salaries and discretionary performance bonus. Duty meals are also provided to employees. The Group has adopted the profit sharing schemes under which certain employees are benefited from it. The Group provides insurance coverage in respect of medical care and work injury to its employees. Rental allowance are also given to certain employees.



## CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 34 to 41 of this annual report.

## CHARITABLE DONATIONS

During the Year, the Group did not make any charitable and other donation (2013: nil).

## CONFIRMATION OF INDEPENDENCE

The Company has received from the independent non-executive Directors an annual confirmation pursuant to Rule 5.09 of the GEM Listing Rules and considers that all the independent non-executive Directors are independent of the Company.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float during the year ended 31 March 2014 and up to the date of this annual report as required under the GEM Listing Rules.

## AUDITORS

HLB Hodgson Impey Cheng Limited has acted as auditors of the Company for the year ended 31 March 2014. The Company has not changed its external auditors during the year ended 31 March 2014 and up to the date of this report.

HLB Hodgson Impey Cheng Limited will retire and being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company is to be proposed at the forthcoming AGM.

## EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2014 and up to the date of this annual report.

By Order of the Board  
**Wu Kai Char**  
*Chairman*

Hong Kong, 13 June 2014



# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of the Stock Exchange (the "GEM Listing Rules").

During the period from the date of listing, i.e. 21 November 2013 (the "Date of Listing") to 31 March 2014, the Company has complied with all the applicable code provisions of the Code contained in Appendix 15 to the GEM Listing Rules, except for the deviation from the code provision A.1.8 of the Code as described below.

Under the code provision A.1.8 of the Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company does not have such insurance cover for its Directors. This is a deviation from code provision A.1.8 of the Code.

With regular and timely communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of an actual litigation against the Directors is low. The Company understands the importance to arrange insurance cover for its Directors and will consider to make such an arrangement as and when it considers necessary.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. Since 2 November 2013, Mr. Wu Kai Char ("Mr. Wu") is the Chairman who provides leadership to the Board. Ms. Wong Wai Ling ("Ms. Wong"), was appointed as the Chief Executive Officer of the Company and her role is to oversee the general management and daily operations of the Group.

## APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS

In accordance with Article 108 of the articles of association of the Company, at each annual general meeting ("AGM") one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years.

All Directors will retire from office as directors at the forthcoming AGM, and being eligible, offer themselves for re-election.

Each of Mr. Wu, Ms. Wong and Mr. Lui Hung Yen, all being executive Directors has entered into a service contract with the Company for a term of three years commencing from the Date of Listing and may be terminated by either party by giving not less than three months' prior written notice.



# Corporate Governance Report (continued)

Mr. Pan Chik, being a non-executive Director has entered into a service contract with the Company for a term of two years commencing from the Date of Listing and may be terminated by either party by giving at least one month's written notice.

Each of Mr. Law Yiu Sing, Mr. Chan Wai Hung Clarence and Ms. Yue Chung Sze Joyce, all being independent non-executive Directors, has entered into a service contract with the Company for a term of two years commencing from the Date of Listing and may be terminated by either party by giving at least one month's written notice.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors from the Date of Listing to 31 March 2014.

## BOARD OF DIRECTORS

The Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors as at the date of this report, details of which are set out below:

### Executive Directors:

Mr. Wu Kai Char (*Chairman*)

Ms. Wong Wai Ling (*Chief Executive Officer*)

Mr. Lui Hung Yen

### Non-Executive Director:

Mr. Pan Chik

### Independent Non-Executive Directors:

Mr. Law Yiu Sing

Mr. Chan Wai Hung Clarence

Ms. Yue Chung Sze Joyce

The brief biographic details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 19 to 22 of this annual report.



# Corporate Governance Report (continued)

## FUNCTIONS OF THE BOARD

The Board supervises the management of the business and affairs of the Company. The Board's primary duty is to ensure the viability of the Company and to ensure that it is managed in the best interests of the Shareholders while taking into account the interests of other stakeholders. The Group has adopted internal guidelines in setting forth matters that require the Board's approval. Apart from its statutory responsibilities, the Board approves the Group's strategic plan, key operational initiatives, major investments and funding decisions. It also reviews the Group's financial performance, identifies principal risks of the Group's business and ensures implementation of appropriate systems to manage these risks. Daily business operations and administrative functions of the Group are delegated to the management.

The Board is also delegated with the corporate governance functions under code provision D.3.1 of the Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

## BOARD MEETINGS AND PROCEDURES

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision A.1.3 of the Code, at least 14 days' notice has been given for a regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and board papers of regular Board meetings are sent to all Directors within reasonable time and at least 3 days prior to the meetings. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will be abstained from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments on the final version of which are endorsed in the subsequent Board meeting.

All independent non-executive Directors have been appointed for a fixed term. Every Director is subject to re-election on retirement by rotation in accordance with the articles of association of the Company.

Details of the attendance of the Board meetings, audit committee (the "Audit Committee") meetings, remuneration committee (the "Remuneration Committee") meetings, nomination committee (the "Nomination Committee") meetings, compliance committee (the "Compliance Committee") meetings and general meetings of the Company held from the Date of Listing to 31 March 2014 are summarised as follows:





# Corporate Governance Report (continued)

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Compliance Committee meeting	General meeting
<b>Executive Directors</b>						
Mr. Wu Kai Char	1/1	N/A	N/A	N/A	N/A	-/-
Ms. Wong Wai Ling	1/1	N/A	-/-	-/-	-/-	-/-
Mr. Lui Hung Yen	1/1	N/A	N/A	N/A	N/A	-/-
<b>Non-Executive Director</b>						
Mr. Pan Chik	0/1	N/A	N/A	N/A	N/A	-/-
<b>Independent Non-executive Directors</b>						
Mr. Law Yiu Sing	1/1	1/1	-/-	-/-	N/A	-/-
Mr. Chan Wai Hung Clarence	1/1	1/1	-/-	-/-	-/-	-/-
Ms. Yue Chung Sze Joyce	0/1	0/1	N/A	N/A	N/A	-/-

## BOARD COMMITTEES

The Board has established specific committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Compliance Committee, with written terms of reference which are available for viewing on the website of the Company to assist them in the efficient implementation of their functions. Specific responsibilities have been delegated to the above committees.

## AUDIT COMMITTEE

The Company established the Audit Committee on 2 November 2013 with written terms of reference which are in compliance with the code provisions of the Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control of the Company. The Audit Committee currently has three members comprising Mr. Law Yiu Sing (Chairman), Mr. Chan Wai Hung Clarence and Ms. Yue Chung Sze Joyce, all being independent non-executive Directors.

From the Date of Listing to 31 March 2014, the Audit Committee had reviewed the quarterly results of the Group for the nine months ended 31 December 2013 and the final results of the Group for the year ended 31 March 2014 (the "Year"). The Audit Committee had reviewed the Group's internal controls for the Year. The Group's final results for the Year had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this annual report, and confirmed that this annual report complies with the GEM Listing Rules.

The Audit Committee held 1 meeting from the Date of Listing to 31 March 2014. Details of the attendance of the Audit Committee at the Audit Committee meetings are set out above.



# Corporate Governance Report (continued)

## REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 2 November 2013 with written terms of reference which are in compliance with the code provisions of the Code. The primary duties of the Remuneration Committee include mainly: (i) reviewing the terms of the remuneration package of each Director and member of senior management, and making recommendations to the Board regarding any adjustment thereof; and (ii) reviewing and evaluating the performance of individual executive Directors for determining the amount of bonus (if any) payable to them. No Director shall participate in any discussion about his or her own remuneration. The Remuneration Committee currently consists of three members, namely, Mr. Law Yiu Sing (Chairman), Mr. Chan Wai Hung Clarence, both of which are independent non-executive Directors, and Ms. Wong Wai Ling, an executive Director. The majority of members of the Remuneration Committee are independent non-executive Directors. The remuneration of the Directors was determined with reference to among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group. The Company has adopted the Code to make recommendations to the Board on remuneration packages of individual executive Directors and the members of senior management.

No Remuneration Committee meeting was held from the Date of Listing to 31 March 2014.

## NOMINATION COMMITTEE

The Company established the Nomination Committee on 2 November 2013 with written terms of reference which are in compliance with code provisions of the Code. The primary duties of the Nomination Committee include the review of the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to make recommendations to the Board regarding any proposed change, identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of independent non-executive Directors. The Nomination Committee consists of three members, namely, Mr. Chan Wai Hung Clarence (Chairman), Mr. Law Yiu Sing, both of which are independent non-executive Directors, and Ms. Wong Wai Ling, an executive Director. The majority of members of the Nomination Committee are independent non-executive Directors.

No Nomination Committee meeting was held from the Date of Listing to 31 March 2014.

## DIVERSITY OF THE BOARD

The Group has adopted policy in relation to the diversity of the members of the Board and the summary of the policy is as follows:

- (1) selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and
- (2) the Nomination Committee will monitor the implementation of the diversity policy from time to time to ensure the effectiveness of the diversity policy.



## COMPLIANCE COMMITTEE

The Company established the Compliance Committee on 2 November 2013 with written terms of reference. The primary duties of the Compliance Committee are to establish, execute, monitor and maintain the compliance system of the Group and to conduct education and training programmes on compliance matters.

The Compliance Committee comprised four members, namely Ms. Wong Wai Ling (Chairman), an executive Director, Mr. Chan Wai Hung Clarence, an independent non-executive Director, and Mr. Fong Chun Hin Daniel and Mr. Chui Wai Kin, the chief operating officers of the Company. Following the pass away of Mr. Chui Wai Kin on 5 January 2014, the Company has appointed Mr. Chow Chun To, the company secretary and financial controller of the Group, as a new member of the compliance committee of the Company.

No Compliance Committee meeting was held from the Date of Listing to 31 March 2014.

## PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

In compliance with the code provision A.6.5 of the Code, all Directors had participated in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Directors had provided the relevant record to the Company for the Year.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

## COMPANY SECRETARY

Ms. Yim Sau Ping resigned as the company secretary and an authorised representative of the Company with effect from 23 December 2013 and the Board had appointed Mr. Chow Chun To (“Mr. Chow”) on 23 December 2013 as the company secretary and an authorised representative of the Company. Mr. Chow is also the Financial Controller of the Group and a member of the Compliance Committee of the Company.

All Directors have access to the advice and services of the company secretary. The company secretary reports to the Chairman on board governance matters, and are responsible for ensuring that board procedures are followed, and for facilitating communications among Directors as well as with Shareholders and management.

The company secretary’s biographies are set out in the section headed “Biographies of Directors and Senior Management” of this annual report.



# Corporate Governance Report (continued)

## SENIOR MANAGEMENT'S REMUNERATION

The senior management's remuneration payment of the Group in the year ended 31 March 2014 falls within the following band:

	<b>Number of individuals</b>
HK\$500,000 or below	3
HK\$500,001 to HK\$1,000,000	2
HK\$1,000,001 to HK\$1,500,000	1

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements of the Group for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period in accordance with accounting principles generally accepted in Hong Kong. The statement by the auditors of the Company about their responsibilities for the financial statements is set out in the independent auditors' report contained in this annual report. The Directors adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

## EXTERNAL AUDITORS' REMUNERATION

The Company engaged HLB Hodgson Impey Cheng Limited as its external auditors for the Year. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors. During the Year, the fee paid or payable to HLB Hodgson Impey Cheng Limited in respect of its statutory audit services provided to the Group was HK\$708,000. Fees for non-audit services for the same period was HK\$1,300,000, consisting of services provided in connection with the listing of the shares of the Company.

## INTERNAL CONTROLS

The Board is responsible for ensuring the effectiveness of the Group's internal control systems. The internal control systems are designed to meet the Group's particular needs and the risks to which they are exposed.

Procedures have been set up for safeguarding assets against unauthorised use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management of the Group maintains and monitors the internal control systems on an ongoing basis. The Board has conducted a review of the effectiveness of the internal control system of the Group and is satisfied that the Group has fully complied with the Code in respect of internal controls from the Date of Listing to 31 March 2014.

## THE SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to Article 64 of the articles of association of the Company, extraordinary general meetings shall be convened on



# Corporate Governance Report (continued)

the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

## COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

In order to keep Shareholders well informed of the business activities and direction of the Group, information about the Group has been provided to the Shareholders through financial reports and announcements. The Company has established its own corporate website ([www.jcgroup.hk](http://www.jcgroup.hk)) as a channel to facilitate effective communication with its Shareholders and the public. The Company will continue to enhance communications and relationships with its shareholders and investors. A shareholders communication policy was adopted on 2 November 2013 to comply with code provision E.1.4 of the Code.

Shareholders, investors and interested parties can make enquiries directly to the Company through the following e-mail: [info@jcgroup.hk](mailto:info@jcgroup.hk)

## PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing. Contact details are as follows:

JC Group Holdings Limited

Address: 14th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong

Tel: (852) 3618-6749

Fax: (852) 2735-9009

E-mail: [info@jcgroup.hk](mailto:info@jcgroup.hk)

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the Shareholders' questions.

## PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to Article 113 of the Articles of Association of the Company, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The procedures for Shareholders to propose a person for election as a Director is posted on the website of the Company.

## SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There had been no significant changes in the constitutional documents of the Company from the Date of Listing to 31 March 2014.





# Independent Auditors' Report



國衛會計師事務所有限公司  
**Hodgson Impey Cheng Limited**

31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JC GROUP HOLDINGS LIMITED

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

We have audited the consolidated financial statements of JC Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 97, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.



# Independent Auditors' Report (continued)

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

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**HLB Hodgson Impey Cheng Limited**  
*Certified Public Accountants*

**Jonathan T. S. Lai**  
Practising Certificate Number: P04165

Hong Kong, 13 June 2014



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
<b>REVENUE</b>	5	238,751	246,072
Other income and gains	6	872	1,165
Cost of inventories sold		(68,018)	(71,286)
Staff costs		(69,671)	(69,734)
Depreciation and amortisation		(14,292)	(14,236)
Property rentals and related expenses		(48,325)	(47,169)
Fuel and utility expenses		(5,113)	(5,432)
Other operating expenses		(28,922)	(23,869)
Listing expenses		(6,701)	-
Finance cost	7	-	(4)
<b>(LOSS)/PROFIT BEFORE TAX</b>	8	<b>(1,419)</b>	15,507
Income tax expense	11	(1,839)	(3,836)
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(3,258)</b>	11,671
Other comprehensive income, net of tax		-	-
<b>TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR</b>		<b>(3,258)</b>	11,671
Attributable to:			
Owners of the Company		(5,976)	9,971
Non-controlling interests		2,718	1,700
		(3,258)	11,671
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted (HK cents)	14	(1.68)	3.02

Details of the dividends for the year are disclosed in note 13 to the consolidated financial statements.



# Consolidated Statement of Financial Position

As at 31 March 2014

2014 Annual Report

	Notes	2014 HK\$'000	2013 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	34,660	31,309
Intangible assets	16	1,120	962
Non-current rental deposits	20	13,252	3,739
<b>Total non-current assets</b>		<b>49,032</b>	<b>36,010</b>
<b>CURRENT ASSETS</b>			
Inventories	18	2,747	4,590
Trade receivables	19	1,159	3,729
Prepayments, deposits and other receivables	20	7,268	15,574
Due from related parties	21	1,350	7,807
Due from non-controlling shareholders	25	172	611
Tax recoverable		1,000	997
Cash and cash equivalents	22	45,844	15,352
<b>Total current assets</b>		<b>59,540</b>	<b>48,660</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	23	5,688	5,875
Other payables and accruals	24	9,890	8,503
Due to related parties	21	84	33,963
Due to non-controlling shareholders	25	873	1,108
Provision for reinstatement costs	30	235	5,529
Tax payable		1,980	3,909
<b>Total current liabilities</b>		<b>18,750</b>	<b>58,887</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>40,790</b>	<b>(10,227)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>89,822</b>	<b>25,783</b>



# Consolidated Statement of Financial Position (continued)

As at 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
<b>NON-CURRENT LIABILITY</b>			
Provision for reinstatement costs	30	4,658	1,183
Total non-current liability		4,658	1,183
Net assets		85,164	24,600
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	27	4,000	11,568
Reserves	29(a)	75,871	4,029
		79,871	15,597
<b>Non-controlling interests</b>		5,293	9,003
Total equity		85,164	24,600

Approved and authorised for issue by the board of Directors on 13 June 2014.

**Wu Kai Char**  
*Director*

**Wong Wai Ling**  
*Director*





# Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
<b>NON-CURRENT ASSET</b>			
Investments in subsidiaries	17	59,591	-
<b>CURRENT ASSET</b>			
Amount due from a subsidiary	17	25,146	-
<b>Net current asset</b>		<b>25,146</b>	<b>-</b>
<b>Net assets</b>		<b>84,737</b>	<b>-</b>
<b>EQUITY</b>			
Issued capital	27	4,000	-
Reserves	29(b)	80,737	-
<b>Total equity</b>		<b>84,737</b>	<b>-</b>

Approved and authorised for issue by the board of Directors on 13 June 2014.

**Wu Kai Char**  
*Director*

**Wong Wai Ling**  
*Director*



# Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Issued capital	Share premium	Other reserves	Retained profits/ losses (Accumulated)			
	HK\$'000 (Note 27)	HK\$'000	HK\$'000 (Note 29)	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2012	11,558	-	-	4,663	16,221	9,298	25,519
Profit for the year	-	-	-	9,971	9,971	1,700	11,671
Total comprehensive income for the year	-	-	-	9,971	9,971	1,700	11,671
Shares issued by subsidiaries to the Controlling Shareholders	10	-	-	-	10	-	10
2013 Interim dividend (Note 13)	-	-	-	(10,605)	(10,605)	(1,995)	(12,600)
At 31 March 2013 and 1 April 2013	11,568	-	-	4,029	15,597	9,003	24,600
Loss for the year	-	-	-	(5,976)	(5,976)	2,718	(3,258)
Total comprehensive expense for the year	-	-	-	(5,976)	(5,976)	2,718	(3,258)
Acquisition of additional interest in a subsidiary	7,500	-	-	(111)	7,389	(7,389)	-
Shares issued by subsidiaries to shareholders	25	7,499	-	-	7,524	-	7,524
Loan capitalisation (Note 33)	-	-	24,986	-	24,986	1,476	26,462
Corporate reorganisation	(19,093)	(7,499)	26,581	-	(11)	-	(11)
Issuance of new shares (Note 27)	700	34,300	-	-	35,000	-	35,000
Capitalisation issue of share (Note 27)	3,300	(3,300)	-	-	-	-	-
Share issue expenses	-	(3,153)	-	-	(3,153)	-	(3,153)
2014 Interim dividend (Note 13)	-	-	-	(1,485)	(1,485)	(515)	(2,000)
At 31 March 2014	4,000	27,847	51,567	(3,543)	79,871	5,293	85,164



# Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	2014 HK\$'000	2013 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(1,419)	15,507
Adjustments for:		
Amortisation of intangible assets	348	306
Depreciation	13,944	13,930
Write-off of items of property, plant and equipment	121	179
Bad debts written off	70	–
Reversal of provision for estimated fine on water pollution	(588)	–
Finance cost	–	4
	12,476	29,926
Decrease in inventories	1,843	754
Decrease/(Increase) in trade receivables	2,500	(893)
Increase in prepayments, deposits and other receivables	(1,207)	(3,694)
Decrease in amounts due from related parties	6,457	2,168
Decrease in amounts due from non-controlling shareholders	439	969
(Decrease)/Increase in trade payables	(187)	135
Increase/(Decrease) in other payables and accruals	1,975	(437)
Decrease in amounts due to related parties	(7,417)	(2,022)
Decrease in amounts due to non-controlling shareholders	(235)	(1,126)
Decrease in provision of reinstatement costs	(2,819)	–
Cash generated from operations	13,825	25,780
Interest paid	–	(4)
Hong Kong profits tax paid	(3,771)	(4,968)
Net cash flows from operating activities	10,054	20,808



# Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(16,438)	(4,025)
Proceeds from disposal of items of property, plant and equipment		22	-
Acquisition of interest of subsidiaries		(11)	-
Additions to intangible assets		(506)	-
Net cash flows used in investing activities		(16,933)	(4,025)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital contributions from the shareholders		7,524	10
Dividends paid to the Controlling Shareholders		(1,485)	(10,605)
Dividends paid to non-controlling shareholders		(515)	(1,995)
Proceeds from issue of shares		35,000	-
Payment of transaction costs attributable to issue of new shares		(3,153)	-
Net cash flows from/(used in) financing activities		37,371	(12,590)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		15,352	11,159
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	22	45,844	15,352



# Notes to the Financial Statements

For the year ended 31 March 2014

## 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

JC Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 21 June 2013 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 21 November 2013. Its parent and ultimate holding company is Victory Stand International Limited (“Victory Stand”), a company incorporated in the British Virgin Islands (the “BVI”).

The address of the Company’s registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is 14th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the operation and management of restaurants and cake shops in Hong Kong.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the GEM of the Stock Exchange (the “Corporate Reorganisation”), the group entities were under the control of Mr. Zhang Fuzhu, Mr. Wu Kai Char, Ms. Wong Wai Ling and Mr. Lui Hung Yen (the “Controlling Shareholder(s)"). They collectively and beneficially held more than 50% equity interests in each of the companies now comprising the Group prior to the Corporate Reorganisation. Through the Corporate Reorganisation, the Company became the holding company of the companies now comprising the Group on 31 October 2013. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Corporate Reorganisation is regarded as a continuing entity. The Group was under the control of the Controlling Shareholders prior to and after the Corporate Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended 31 March 2014 and 2013 which include the results, changes in equity and cash flows of the companies now comprising the Group have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation, where this is a shorter period. The consolidated statement of financial position as at 31 March 2013 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

The consolidated financial statements is presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company. The choice of presentation currency is to better reflect the currency that mainly determines the economic effects of transactions, events and conditions of the Group.





# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the consolidated financial statements for the year, the Group has consistently adopted Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”), amendments and interpretations issued by the HKICPA, which are effective for financial periods beginning on or after 1 April 2013.

The Group has not early applied the following new and revised standards, amendments and interpretations, that have been issued but are not yet effective, in the consolidated financial statements:

HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>4</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>3</sup>
HKAS 19 (2011) (Amendments)	Defined Benefit Plans: Employee Contributions <sup>2</sup>
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC)-Int 21	Levies <sup>1</sup>
Annual Improvements Project	Annual Improvements 2010-2012 Cycle <sup>2</sup>
Annual Improvements Project	Annual Improvements 2011-2013 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

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

The Group is in the process of making an assessment of the impact of these new and revised standards, amendments and interpretations upon initial application but is not yet in a position to state whether these new and revised standards, amendments and interpretations would have a significant impact on its results of operations and financial position.



# Notes to the Financial Statements (continued)

*For the year ended 31 March 2014*

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared under the historical cost convention.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. As explained in note 1 above, the acquisition of subsidiaries under common control has been accounted for using the merger method of accounting.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for an equity transaction.

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to a parent. Profit or loss and each component of other comprehensive income are attributed to the non-controlling interest even if that results in a deficit balance.

### ***Changes in the Group’s ownership interests in existing subsidiaries***

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

### Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.



## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Related parties

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

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

or

- (b) the party is an entity where 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 of a parent, subsidiary or fellow subsidiary of the other entity);
  - (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; and the sponsoring employers of the post-employment benefit plan;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (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).



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 6 years
Furniture and fixtures	3 years to 5 years
Catering and other equipment	3 years to 5 years
Motor vehicles	2 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.



## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the year in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the year in which it arises.

### **Leases**

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.





# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Other financial assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade receivables, other receivables and deposits, and amounts due from shareholders and related companies.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other operating expenses for receivables.



## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

### **Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of financial assets (continued)

#### *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence of any impairment loss, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

### Impairment of intangible assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all intangible assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Financial liabilities**

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accruals, and amounts due to shareholders and related parties.

##### **Subsequent measurement**

##### *Loans and borrowings*

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

##### **Derecognition of financial liabilities**

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

When 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 a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Income tax (continued)**

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from restaurant operations, when catering services have been provided to the customers. Payments that are related to services not yet rendered are deferred and recognised as deferred income in liability. Upon expiry of prepaid amounts on unused coupons or cash vouchers, the corresponding deferred income is fully recognised as forfeited income; and
- (b) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.





# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Other employee benefits

#### *Retirement benefit schemes*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its Hong Kong employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### Dividends

Interim dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

### Foreign currencies

The consolidated financial statements is presented in HK\$, which is the Company’s functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of each reporting period. All differences arising on settlement or translation of monetary items are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).



# Notes to the Financial Statements (continued)

*For the year ended 31 March 2014*

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Foreign currencies (continued)

The foreign currencies are currencies other than the Hong Kong dollars. As at the end of each of the reporting period, the assets and liabilities of foreign operation are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into HK\$ at the weighted average exchange rates for the year.

### Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### **Estimation uncertainty**

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

### ***Useful lives and residual values of items of property, plant and equipment***

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances.

### ***Provision for reinstatement costs***

Provision for reinstatement costs is estimated and reassessed at the end of each reporting period with reference to the latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual reinstatement cost upon closures or relocation of existing premises occupied by the Group.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 5. SEGMENT INFORMATION AND REVENUE

The directors of the Company review the Group's internal financial reporting and other information and also obtain other relevant external information in order to assess performance and allocate resources and operating segment is identified with reference to these.

The directors of the Company consider that the business of the Group is organised in one operating segment which is operation and management of restaurants and cake shops in Hong Kong. Additional disclosure in relation to segment information is not presented as the directors of the Company assess the performance of the only operating segment identified based on the consistent information as disclosed in the consolidated financial statements.

The total net segment income is equivalent to total comprehensive income for the year as shown in the consolidated statement of profit or loss and other comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the consolidated statement of financial position.

Details of interest income, depreciation and amortisation in relation to the operating segment are disclosed in notes 6 and 8, respectively.

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. Substantially all of the Group's revenues from external customers during the years ended 31 March 2014 and 2013 were derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong.

As no revenue derived from sales to a single customer of the Group has individually accounted for 10% of the Group's total revenue during the year (2013: Nil), no information about major customers is presented.

Revenue, which is also the Group's turnover, represents amounts received and receivable from the operation of restaurants, net of sales discounts. An analysis of revenue is as follows:

	2014 HK\$'000	2013 HK\$'000
<i>Revenue</i>		
Restaurant operations	238,751	246,072

## 6. OTHER INCOME AND GAINS

	2014 HK\$'000	2013 HK\$'000
Bank interest income	60	–
Forfeited income	341	508
Membership income	–	44
Sponsorship income	359	151
Compensation from insurance claims	–	188
Others	112	274
	872	1,165



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 7. FINANCE COST

	2014 HK\$'000	2013 HK\$'000
Interest on extended rental payments	–	4

## 8. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	2014 HK\$'000	2013 HK\$'000
Cost of inventories sold	68,018	71,286
Amortisation of intangible assets	348	306
Auditors' remuneration	829	128
Depreciation	13,944	13,930
Lease payments under operating lease in respect of land and buildings:		
Minimum lease payments	44,355	43,114
Contingent rents	2,525	2,649
	46,880	45,763
Employee benefits expenses (excluding directors' and chief executive's remuneration (note 9)):		
Salaries, wages and other benefits	65,456	65,535
Retirement benefit scheme contributions	2,077	2,094
	67,533	67,629
Write-off of items of property, plant and equipment	121	179
Bad debts written off	70	–
Reversal of provision for estimated fine on water pollution	(588)	–
Listing expenses	6,701	–
Foreign exchange differences, net	8	3

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year is as follows:

	2014 HK\$'000	2013 HK\$'000
Fees	1,190	–
Other emoluments:		
Salaries, allowances and benefits in kind	498	2,040
Discretionary bonuses	450	65
Retirement benefit scheme contributions	–	–
	2,138	2,105



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 March 2014</b>					
Mr. Law Yiu Sing	36	-	-	-	36
Ms. Yue Chung Sze Joyce	36	-	-	-	36
Mr. Chan Wai Hung Clarence	36	-	-	-	36
	108	-	-	-	108
<b>Year ended 31 March 2013</b>					
Mr. Law Yiu Sing	-	-	-	-	-
Ms. Yue Chung Sze Joyce	-	-	-	-	-
Mr. Chan Wai Hung Clarence	-	-	-	-	-
	-	-	-	-	-

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

### (b) Non-executive director

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 March 2014</b>					
Mr. Pan Chik	-	-	-	-	-
	-	-	-	-	-
<b>Year ended 31 March 2013</b>					
Mr. Pan Chik	-	-	-	-	-
	-	-	-	-	-

There were no other emoluments payable to the non-executive director during the year (2013: Nil).





# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

### (c) Executive directors and the chief executive

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 March 2014</b>					
Mr. Wu Kai Char	433	383	270	–	1,086
Ms. Wong Wai Ling (Chief Executive Officer)	433	–	180	–	613
Mr. Lui Hung Yen	216	115	–	–	331
	1,082	498	450	–	2,030
<b>Year ended 31 March 2013</b>					
Mr. Wu Kai Char	–	1,338	50	–	1,388
Ms. Wong Wai Ling (Chief Executive Officer)	–	522	–	–	522
Mr. Lui Hung Yen	–	180	15	–	195
	–	2,040	65	–	2,105

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2013: Nil).

During the years ended 31 March 2014 and 2013, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 10. FIVE HIGHEST PAID INDIVIDUALS

Two (2013: One) of the five highest paid individuals were directors of the Company for the year ended 31 March 2014.

Details of the remuneration of the remaining non-director and non-chief executive, highest paid individuals for each of the year are analysed as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries, allowances and benefits in kind	1,978	3,608
Discretionary bonuses	523	175
Retirement benefit scheme contributions	41	15
	2,542	3,798

The number of the non-director and non-chief executive, highest paid individuals whose remuneration fell within the following bands is as follows:

	Number of individuals	
	2014	2013
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	1	2
	3	4

During the year, no remuneration was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

## 11. INCOME TAX EXPENSE

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2013: 16.5%) during the year.

	2014 HK\$'000	2013 HK\$'000
Current tax – charge for the year	1,839	3,830
Deferred tax	–	6
Total tax charge for the year	1,839	3,836



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 11. INCOME TAX EXPENSE (continued)

The income tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2014 HK\$'000	2013 HK\$'000
(Loss)/Profit before tax	(1,419)	15,507
Tax at the statutory tax rates	(234)	2,559
Tax effect of expenses not deductible for tax purpose	1,218	109
Tax effect of temporary differences not recognised	(519)	1,289
(Under)/Over-provision in current years	(46)	109
Tax effect of tax losses not recognised	1,420	36
Utilisation of tax losses previously not recognised	–	(266)
Income tax expense for the year	1,839	3,836

## 12. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated (loss)/profit attributable to owners of the Company for the year ended 31 March 2014 includes a loss of approximately HK\$6,701,000 (2013: Nil) which has been dealt with in the financial statements of the Company (note 29(b)).

## 13. DIVIDENDS

	2014 HK\$'000	2013 HK\$'000
Interim dividend	2,000	12,600

During the year, the interim dividends of HK\$2,000,000 (2013: HK\$12,600,000) paid by the respective subsidiaries to their then equity holders prior to the Corporate Reorganisation. The rate of dividend and the number of shares ranking for dividends have not been presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

No dividends have been paid or declared by the Company since its incorporation.



# Notes to the Financial Statements (continued)

*For the year ended 31 March 2014*

## 14. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

	2014 HK\$'000	2013 HK\$'000
<b>(Loss)/Earnings</b>		
(Loss)/Profit for the year attributable to owners of the Company for the purposes of basic (loss)/earnings per share	(5,976)	9,971
	2014 '000	2013 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	355,123	330,000

For the year ended 31 March 2014, the calculation of the basic loss per share attributable to owners of the Company was based on (i) the loss attributable to owners of the Company and (ii) the weighted average number of ordinary shares (adjusted retrospectively for 1,000 shares in issue and 329,999,000 shares issued under the capitalisation issue), and the effects of 70,000,000 shares issued under placing as described in note 27.

For the year ended 31 March 2013, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of 330,000,000 shares (comprising 1,000 shares in issue and 329,999,000 shares to be issued under the capitalisation issue), as if these 330,000,000 shares were outstanding since 1 April 2012.

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2014 and 2013.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Catering and other equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>31 March 2014</b>					
At 31 March 2013 and 1 April 2013:					
Cost	56,475	7,199	22,034	-	85,708
Accumulated depreciation	(36,657)	(4,146)	(13,596)	-	(54,399)
<b>Net carrying amount</b>	<b>19,818</b>	<b>3,053</b>	<b>8,438</b>	<b>-</b>	<b>31,309</b>
At 1 April 2013, net of accumulated depreciation	19,818	3,053	8,438	-	31,309
Additions	10,893	3,258	3,117	170	17,438
Write-off	-	(78)	(65)	-	(143)
Depreciation provided during the year	(9,064)	(1,362)	(3,440)	(78)	(13,944)
<b>At 31 March 2014, net of accumulated depreciation</b>	<b>21,647</b>	<b>4,871</b>	<b>8,050</b>	<b>92</b>	<b>34,660</b>
At 31 March 2014:					
Cost	50,713	8,565	18,716	170	78,164
Accumulated depreciation	(29,066)	(3,694)	(10,666)	(78)	(43,504)
<b>Net carrying amount</b>	<b>21,647</b>	<b>4,871</b>	<b>8,050</b>	<b>92</b>	<b>34,660</b>
<b>31 March 2013</b>					
At 1 April 2012:					
Cost	53,565	7,106	21,358	-	82,029
Accumulated depreciation	(27,271)	(3,015)	(10,350)	-	(40,636)
<b>Net carrying amount</b>	<b>26,294</b>	<b>4,091</b>	<b>11,008</b>	<b>-</b>	<b>41,393</b>
At 1 April 2012, net of accumulated depreciation	26,294	4,091	11,008	-	41,393
Additions	2,910	383	732	-	4,025
Write-off	-	(179)	-	-	(179)
Depreciation provided during the year	(9,386)	(1,242)	(3,302)	-	(13,930)
<b>At 31 March 2013, net of accumulated depreciation</b>	<b>19,818</b>	<b>3,053</b>	<b>8,438</b>	<b>-</b>	<b>31,309</b>
At 31 March 2013:					
Cost	56,475	7,199	22,034	-	85,708
Accumulated depreciation	(36,657)	(4,146)	(13,596)	-	(54,399)
<b>Net carrying amount</b>	<b>19,818</b>	<b>3,053</b>	<b>8,438</b>	<b>-</b>	<b>31,309</b>



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 16. INTANGIBLE ASSETS

	Franchise cost HK\$'000
<b>31 March 2014</b>	
At 31 March 2013 and 1 April 2013:	
Cost	1,726
Accumulated amortisation	(764)
<b>Net carrying amount</b>	<b>962</b>
At 1 April 2013, net of accumulated amortisation	962
Additions	506
Amortisation provided during the year	(348)
<b>At 31 March 2014, net of accumulated amortisation</b>	<b>1,120</b>
At 31 March 2014:	
Cost	2,232
Accumulated amortisation	(1,112)
<b>Net carrying amount</b>	<b>1,120</b>
<b>31 March 2013</b>	
At 1 April 2012:	
Cost	1,726
Accumulated amortisation	(458)
<b>Net carrying amount</b>	<b>1,268</b>
At 1 April 2012, net of accumulated amortisation	1,268
Amortisation provided during the year	(306)
<b>At 31 March 2013, net of accumulated amortisation</b>	<b>962</b>
At 31 March 2013:	
Cost	1,726
Accumulated amortisation	(764)
<b>Net carrying amount</b>	<b>962</b>





# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 17. INVESTMENTS IN SUBSIDIARIES

	2014 HK\$'000	2013 HK\$'000
Unlisted shares, at cost	59,591	–

The amount due from a subsidiary included in the Company's current asset of approximately HK\$25,146,000 (2013: Nil) as at 31 March 2014 is unsecured, interest-free and repayable on demand.

Particulars of subsidiaries are as follows:

Company name	Place of incorporation/ operations	Issued ordinary share capital	Percentage of equity attributable to the Company	Principal activities
Glory Kind Development Limited	BVI	US\$1,000	100% (direct)	Investment holding
Team Glory International Limited	BVI	US\$8	100% (indirect)	Investment holding
Top Aim Enterprises Ltd	BVI	US\$10	100% (indirect)	Investment holding
Still Profit Limited	BVI	US\$8	100% (indirect)	Investment holding
Progress Vantage Holdings Limited	BVI	US\$1,004	100% (indirect)	Investment holding
Grand Century Inc Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation
H One F & B Management Limited	Hong Kong	HK\$10,000	70% (indirect)	Management service
H-View F & B Group Limited	Hong Kong	HK\$10,000	100% (indirect)	Management service
Harlan's Holding Limited	Hong Kong	HK\$20,000,000	95% (indirect)	Restaurant operation



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 17. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of subsidiaries are as follows: (continued)

Company name	Place of incorporation/ operations	Issued ordinary share capital	Percentage of equity attributable to the Company	Principal activities
Inakaya (HK) Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation
J & H Company Limited	Hong Kong	HK\$10,000	82% (indirect)	Restaurant operation
JC Group (HK) Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation
PHO24 (NTP) Limited	Hong Kong	HK\$10,000	60% (indirect)	Restaurant operation
PHO24 (TST) Limited	Hong Kong	HK\$10,000	65% (indirect)	Restaurant operation
Turbo Trade Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation

The following table lists the information relating to J & H Company Limited (“J&H”), a subsidiary of the Group which has material non-controlling interest (“NCI”).

	2014	2013
Percentage of equity interest held by NCI of J&H	18.00%	18.00%
	2014 HK\$'000	2013 HK\$'000
Profit/(Loss) for the year allocated to NCI of J&H	1,570	(51)
Dividend paid to NCI of J&H	90	720
Carrying amount of NCI of J&H at the end of the reporting period	2,256	(123)



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 17. INVESTMENTS IN SUBSIDIARIES (continued)

The following table illustrates the summarised financial information of J&H. The amounts disclosed are before any inter-company eliminations:

	2014 HK\$'000	2013 HK\$'000
<b>J&amp;H</b>		
Revenue	15,051	50,226
Profit/(Loss) for the year	8,722	(283)
Total comprehensive income/(expense) for the year	8,722	(283)
Current assets	12,582	8,944
Non-current assets	–	162
Current liabilities	50	9,787
Non-current liabilities	–	–
Net cash flows (used in)/from operating activities	(1,649)	3,076
Net cash flows from/(used in) investing activities	22	(35)
Net cash flows used in financing activities	(500)	(4,000)
Net decrease in cash and cash equivalents	(2,127)	(959)

## 18. INVENTORIES

	2014 HK\$'000	2013 HK\$'000
Food and beverage, and other operating items for restaurant operations	2,747	4,590



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 19. TRADE RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
Trade receivables	1,159	3,729

The Group's trading terms with its customers are mainly on cash, credit card and smart card settlement. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables, based on the invoice date, is as follows:

	2014 HK\$'000	2013 HK\$'000
Within 1 month	1,015	3,508
Over 1 month but less than 3 months	65	125
Over 3 months	79	96
	1,159	3,729

The trade receivables included in the above aging analysis are considered not impaired. As at 31 March 2014 and 2013, no trade receivables were past due or impaired. No provision for impairment of trade receivables was made as at 31 March 2014 and 2013.

## 20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
Prepayments	2,009	1,732
Rental deposits	16,579	15,827
Utility and other deposits	1,645	1,664
Other receivables	287	90
	20,520	19,313
Current portion included in prepayments, deposits and other receivables	(7,268)	(15,574)
Non-current portion included in rental deposits	13,252	3,739

At 31 March 2014 and 2013, the balances of deposits and other receivables were neither past due nor impaired. Financial assets included in the above balances relate to receivables for which there was no recent history of default.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 21. BALANCES WITH RELATED PARTIES

An analysis of the amounts due from related parties is as follows:

	31 March 2014 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2013 HK\$'000
<b>Amounts due from related parties</b>			
Mr. Wu Kai Char ("Mr. Wu") (note i) & (note ii)	352	1,031	496
Mr. Zhang Fuzhu ("Mr. Zhang") (note i)	223	657	483
Mr. Lui Hung Yen ("Mr. Lui") (note ii)	8	77	23
Ms. Wong Wai Ling ("Ms. Wong") (note ii)	60	168	81
Bumper World Limited (note xii)	–	5,188	5,188
Holy Best Limited (note vii)	–	15	15
Oriental Island Limited (note v)	–	45	45
Good View International Investment Limited (note viii)	–	319	119
FLC Holdings Limited (note ix)	–	125	25
JC & Associates Limited (note x)	18	21	2
Rich Base Limited (note iii)	31	31	31
Great Lead Inc Limited (note xi)	–	12	8
JC Group Holding Limited (note vi)	6	18	10
Way Full Limited (note xi)	–	12	8
Well-in Silver Article Company Limited (note xii)	652	1,375	1,273
	<b>1,350</b>		<b>7,807</b>



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 21. BALANCES WITH RELATED PARTIES (continued)

An analysis of the amounts due from related parties is as follows: (continued)

	31 March 2013 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2012 HK\$'000
<b>Amounts due from related parties</b>			
Mr. Wu (note i) & (note ii)	496	554	311
Mr. Zhang (note i)	483	1,447	1,163
Mr. Lui (note ii)	23	58	21
Ms. Wong (note ii)	81	804	804
Bumper World Limited (note xii)	5,188	7,000	7,000
Holy Best Limited (note vii)	15	15	–
Oriental Island Limited (note v)	45	45	–
Good View International Investment Limited (note viii)	119	119	–
FLC Holdings Limited (note ix)	25	25	–
Fully Hope Holding Limited (note xii)	–	9	9
JC & Associates Limited (note x)	2	2	–
Rich Base Limited (note iii)	31	31	31
Great Lead Inc Limited (note xi)	8	8	–
JC Group Holding Limited (note vi)	10	10	–
Way Full Limited (note xi)	8	8	–
Well-in Silver Article Company Limited (note xii)	1,273	1,273	636
	<b>7,807</b>		<b>9,975</b>

An analysis of the amounts due to related parties is as follows:

	2014 HK\$'000	2013 HK\$'000
<b>Amounts due to related parties</b>		
Mr. Wu (note i) & (note ii)	–	1,049
FLC Holdings Limited (note ix)	50	3,287
Oriental Island Limited (note v)	–	9,938
Good View International Investment Limited (note viii)	25	17,498
R & C Corporate Services Limited (note xiii)	9	–
Super Delights Limited (note v)	–	945
Holy Best Limited (note vii)	–	1,234
PHO24 (CWB) Limited (note iv)	–	12
	<b>84</b>	<b>33,963</b>



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 21. BALANCES WITH RELATED PARTIES (continued)

Notes:

- (i) Substantial shareholder of the Company
- (ii) Executive director of the Company
- (iii) Controlled by Mr. Wu and indirectly controlled by Mr. Zhang
- (iv) Indirectly controlled by Mr. Wu and Mr. Zhang
- (v) Controlled by Mr. Wu
- (vi) Indirectly controlled by Mr. Wu, Mr. Lui and Ms. Wong
- (vii) Controlled by Mr. Lui and his spouse
- (viii) Controlled by Mr. Zhang
- (ix) Controlled by Ms. Wong
- (x) Controlled by Mr. Wu and Ms. Wong
- (xi) Indirectly controlled by Mr. Wu
- (xii) Controlled by Mr. Wu and Mr. Zhang
- (xiii) Controlled by the sister of Ms. Wong

Balances with related parties are unsecured, interest-free and repayable on demand.

None of the amounts due from related parties is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.





# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 22. CASH AND CASH EQUIVALENTS

	2014 HK\$'000	2013 HK\$'000
Cash and bank balances	45,844	15,352
Cash and cash equivalents denominated in:		
HK\$	45,679	15,183
United States dollars ("US\$")	150	150
Japanese Yen ("JPY")	15	19
	45,844	15,352

Cash at banks earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## 23. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2014 HK\$'000	2013 HK\$'000
Within 1 month	5,649	5,833
Over 1 month but less than 2 months	26	25
Over 2 months	13	17
	5,688	5,875

The trade payables are non-interest-bearing and generally have payment terms of 30-45 days.

Included in the Group's trade payables as at 31 March 2014 is a balance of approximately HK\$283,000 (2013: approximately HK\$286,000) payable to JC & Associates Limited.

Included in the Group's trade payables as at 31 March 2014 is a balance of approximately HK\$16,000 (2013: Nil) payable to Well-In Hotel Supplies Company Limited.

These relevant trade payables are repayable on similar credit terms to those offered by the major suppliers of the Group.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 24. OTHER PAYABLES AND ACCRUALS

	2014 HK\$'000	2013 HK\$'000
Deferred income	87	300
Other payables	1,468	351
Accruals	7,379	6,972
Provision for estimated fine on water pollution	–	588
Customer deposits	956	292
	9,890	8,503

Other payables are non-interest-bearing.

## 25. BALANCES WITH NON-CONTROLLING SHAREHOLDERS

	2014 HK\$'000	2013 HK\$'000
Amounts due from non-controlling shareholders of subsidiaries	172	611
Amounts due to non-controlling shareholders of subsidiaries	873	1,108

At 31 March 2013, amounts due from/(to) non-controlling shareholders of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

At 31 March 2014, amounts due from non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

At 31 March 2014, amounts due to non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand after 2 July 2014 in accordance with the long-term loan agreements entered into between the Group and the non-controlling shareholders of the subsidiaries on 3 July 2013, pursuant to which all amounts due to non-controlling shareholders are due after one year from the date of the long-term loan agreements.

The amounts due from non-controlling shareholders of subsidiaries are neither past due nor impaired.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 26. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

### Deferred tax assets

	Depreciation in excess of related depreciation allowance HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Total HK\$'000
At 1 April 2012	94	46	140
Charged to the statement of profit or loss during the year (note 11)	(94)	(46)	(140)
At 31 March 2013 and 1 April 2013 and 31 March 2014	-	-	-

### Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK\$'000
At 1 April 2012	134
Credited to the statement of profit or loss during the year (note 11)	(134)
At 31 March 2013 and 1 April 2013 and 31 March 2014	-

Certain subsidiaries of the Group have tax losses arising in Hong Kong in total of approximately HK\$8,830,000 and HK\$219,000 as at 31 March 2014 and 2013, respectively, that are available indefinitely for offsetting against their future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 27. ISSUED CAPITAL

There was no authorised and issued capital as at 31 March 2013 since the Company had not yet been incorporated.

### Company

	Notes	Number of ordinary share of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
<b>Authorised:</b>			
On 21 June 2013 (date of incorporation)	(b)	38,000,000	380
Increase in authorised share capital	(d)	1,962,000,000	19,620
At 31 March 2014		2,000,000,000	20,000
<b>Issued and fully paid:</b>			
On 21 June 2013 (date of incorporation)	(b), (c)	1	-
Issue of shares pursuant to			
Corporate Reorganisation	(c)	999	-
Issue of shares upon capitalisation issue	(e)	329,999,000	3,300
Issue of shares by placing	(f)	70,000,000	700
At 31 March 2014		400,000,000	4,000

During the year ended 31 March 2014, the movements in the share capital were as follows:

- For the purpose of the preparation of the consolidated financial statements, the balance of issued capital at 31 March 2013 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group under the control of the Controlling Shareholders prior to the Corporate Reorganisation.
- The Company was incorporated on 21 June 2013 in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability with an initial authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares with a par value of HK\$0.01 per share. One nil-paid share was allotted and issued to the initial subscriber on 21 June 2013, which was later transferred to Victory Stand on the same date.



# Notes to the Financial Statements (continued)

*For the year ended 31 March 2014*

## 27. ISSUED CAPITAL (continued)

- (c) Pursuant to the Corporate Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Glory Kind Development Limited from Victory Stand and Dragon Flame Holdings Limited (“Dragon Flame”) on 31 October 2013, (a) the one nil-paid share held by Victory Stand was credited as fully paid; and (b) 749 and 250 shares were allotted and issued to Victory Stand and Dragon Flame, respectively, and were credited as fully paid.
- (d) Pursuant to the written resolution of the shareholders passed on 2 November 2013, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional of 1,962,000,000 shares of HK\$0.01 each, each ranking pari passu with the shares then in issue in all respects.
- (e) Pursuant to the written resolutions of the shareholders passed on 2 November 2013, the directors were authorised to capitalise the amount of HK\$3,299,900 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 329,990,000 shares for allotment and issue to the then existing shareholders of the Company, each ranking pari passu in all respects with the then existing issued shares. On 21 November 2013, the Company allotted and issued such shares as aforesaid and gave effect to the capitalisation issue.
- (f) On 21 November 2013, the Company issued 70,000,000 shares pursuant to the Company’s listing on the GEM of the Stock Exchange by way of placing at a price of HK\$0.50 per share.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 28. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 2 November 2013 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

Under the Scheme, the maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company, in any 12-month period up to date of grant must not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his associates abstaining from voting.



# Notes to the Financial Statements (continued)

*For the year ended 31 March 2014*

## 28. SHARE OPTION SCHEME (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates would result in the total number of shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

The offer of a grant of share options must be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the directors of the Company and notified to a participant and shall be at least the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the date of grant of the option.

The Scheme shall be valid and effective for a period of ten years commencing on 2 November 2013, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2014.





# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 29. RESERVES

### (a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of these financial statements.

#### (i) Share premium

Share premium arose from the issue of shares at a price greater than the par value of the shares and can be utilised for future bonus issue.

#### (ii) Other reserves

The other reserves represent the reserve arising pursuant to the Group's reorganisation. The other reserves represent the difference between the nominal value of the issued capital of its subsidiaries arising from the Corporate Reorganisation.

### (b) Company

	Share premium HK\$'000	Other reserve HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
At 1 April 2012, 31 March 2013 and 1 April 2013	-	-	-	-
Loss and total comprehensive expense for the year	-	-	(6,701)	(6,701)
Corporate Reorganisation	-	59,591	-	59,591
Issuance of new shares (note 27)	34,300	-	-	34,300
Capitalisation issue of shares (note 27)	(3,300)	-	-	(3,300)
Share issue expenses	(3,153)	-	-	(3,153)
At 31 March 2014	27,847	59,591	(6,701)	80,737

#### Other reserve

Other reserve represents the difference between the fair value of the shares of Glory Kind Development Limited acquired pursuant to the Corporate Reorganisation on 31 October 2013 over the nominal value of the Company's shares issued in exchange therefore.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 30. PROVISION FOR REINSTATEMENT COSTS

	2014 HK\$'000	2013 HK\$'000
At beginning of year	6,712	6,712
Additional provision	1,000	-
Settled during the year	(2,819)	-
At end of year	4,893	6,712
Analysed into		
Current portion	235	5,529
Non-current portion	4,658	1,183
	4,893	6,712

Provision for reinstatement costs is recognised at the present value of expenditures expected to be required for the reinstatement of the properties used by the Group for its operations upon expiration of the relevant leases.

## 31. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) for all its qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at specified rate and capped at HK\$1,250 (HK\$1,000 prior to 1 June 2012) per month per person. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contribution is available to reduce the contributions payable in the future years.

The total contributions payable to the MPF Scheme by the Group amounted to approximately HK\$2,077,000 for the year ended 31 March 2014 (2013: approximately HK\$2,094,000). The amount was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2014.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 32. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2014 HK\$'000	2013 HK\$'000
JC & Associates Limited		
– purchase of food (note (i))	3,467	7,282
– food processing fee (note (ii))	356	–
R & C Corporate Services Limited		
– corporate service fee (note (i))	589	281
Rich Base Limited		
– franchise fees (note (i))	468	640
W. L. Wong & Co		
– corporate service fee (note (ii))	80	240
Well-In Hotel Supplies Company Limited		
– purchase of property, plant and equipment (note (ii))	–	127
– purchase of kitchen utensils (note (i))	307	620
– property rental & related expenses (note (i))	910	920
– administrative expenses (note (i))	625	556

The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

Unless otherwise stated, all of the above related parties are controlled by the Controlling Shareholders.

Notes:

- (i) These related party transactions also constitute continuing connected transactions as defined in the GEM Listing Rules.
- (ii) These related party transactions also constitute connected transactions as defined in the GEM Listing Rules.
- (b) Compensation of key management personnel of the Group, including directors' and chief executive's remuneration as disclosed in note 9 to the financial statements, is as follows:

	2014 HK\$'000	2013 HK\$'000
Short term employee benefits	5,548	4,518
Post-employment benefits	65	44
	5,613	4,562



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 33. MAJOR NON-CASH TRANSACTIONS

On 22 May 2013, amounts due to related parties by the Group of approximately HK\$26,462,000 were capitalised by allotting and issuing a total of 9,106 shares in Victory Stand to the Controlling Shareholders.

## 34. OPERATING LEASE COMMITMENTS

The Group leases certain of its restaurants, office premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to three years.

At 31 March 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014 HK\$'000	2013 HK\$'000
Within one year	44,795	30,161
In the second to fifth years, inclusive	47,195	22,438
Beyond five years	–	–
	91,990	52,599

In addition, the operating lease rentals for certain restaurants are based on the higher of a fixed rental and contingent rent based on the revenue of the restaurants pursuant to the terms and conditions as set out in the respective tenancy agreements. As the future revenue of the restaurants could not be reliably determined, the minimum lease commitments are based on the fixed rental.

## 35. COMMITMENTS

In addition to the operating lease commitments detailed in note 34 above, the Group had the following capital commitments at the end of the reporting period.

	2014 HK\$'000	2013 HK\$'000
Contracted, but not provided for leasehold improvement	–	35

At the end of the reporting period, the Company had no significant commitments.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 36. FINANCIAL INSTRUMENTS BY CATEGORY

### (a) The Group

	2014 HK\$'000	2013 HK\$'000
<b>Assets as per consolidated statement of financial position</b>		
Loans and receivables:		
– Trade receivables	1,159	3,729
– Financial assets included in prepayments, deposits and other receivables	18,511	17,581
– Due from related parties	1,350	7,807
– Due from non-controlling shareholders	172	611
– Cash and cash equivalents	45,844	15,352
	<b>67,036</b>	<b>45,080</b>

	2014 HK\$'000	2013 HK\$'000
<b>Liabilities as per consolidated statement of financial position</b>		
At amortised costs:		
– Trade payables	5,688	5,875
– Financial liabilities included in other payables and accruals	8,847	7,323
– Due to related parties	84	33,963
– Due to non-controlling shareholders	873	1,108
	<b>15,492</b>	<b>48,269</b>

### (b) The Company

	2014 HK\$'000	2013 HK\$'000
<b>Asset as per statement of financial position</b>		
Loans and receivables:		
– Amount due from a subsidiary	25,146	-
	<b>25,146</b>	<b>-</b>



# Notes to the Financial Statements (continued)

*For the year ended 31 March 2014*

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and advances from related parties and non-controlling shareholders. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, trade payables, other payables and accruals and balances with non-controlling shareholders and related parties.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign currency risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

### **Credit risk**

The Group trades with a large number of diversified customers and trading terms are mainly on cash, credit card and smart card settlement, hence, there is no significant concentration of credit risk.

### **Interest rate risk**

The Group did not have any interest-bearing liabilities and thus, the Directors believe the Group's exposure to interest rate risk is minimal.

### **Foreign currency risk**

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars. The foreign currency risk is considered not material and the Group therefore does not have a foreign currency hedging policy. However, the management monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

### **Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from related parties and non-controlling shareholders, and internally generated funds. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group	2014 HK\$'000	2013 HK\$'000
<b>On demand or less than 1 year</b>		
Trade payables	5,688	5,875
Financial liabilities included in other payables and accruals	8,847	7,323
Due to related parties	84	33,963
Due to non-controlling shareholders	873	1,108
	<b>15,492</b>	<b>48,269</b>

### Fair values measurement

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, amounts due from/(to) related parties and non-controlling shareholders and financial liabilities included in other payables and accruals approximate to their carrying amounts due to the short-term maturities of these assets and liabilities.

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.





# Notes to the Financial Statements (continued)

For the year ended 31 March 2014

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Capital management (continued)

The Group monitors capital using a gearing ratio, which is expressed as a percentage of total debts over total capital. The gearing ratios as at the end of the reporting period were as follows:

	2014 HK\$'000	2013 HK\$'000
Due to related parties	84	33,963
Due to non-controlling shareholders	873	1,108
Total debts	957	35,071
Total equity	85,164	24,600
Total capital	86,121	59,671
Gearing ratio	1%	59%

## 38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 13 June 2014.



# Three Years' Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last three financial years, as extracted from the audited financial statements in this annual report and the prospectus of the Company, is as follows.

## RESULTS

	Year ended 31 March		
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>REVENUE</b>	238,751	246,072	260,437
<b>(LOSS)/PROFIT BEFORE TAX</b>	(1,419)	15,507	21,024
Income tax expense	(1,839)	(3,836)	(3,909)
<b>(LOSS)/PROFIT FOR THE YEAR</b>	(3,258)	11,671	17,115
(Loss)/Profit attributable to:			
Owners of the Company	(5,976)	9,971	13,522
Non-controlling interests	2,718	1,700	3,593
	(3,258)	11,671	17,115

## ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March		
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>TOTAL ASSETS</b>	108,572	84,670	89,403
<b>TOTAL LIABILITIES</b>	(23,408)	(60,070)	(63,884)
	85,164	24,600	25,519
<b>EQUITY:</b>			
Equity attributable to			
owners of the Company	79,871	15,597	16,221
Non-controlling interests	5,293	9,003	9,298
	85,164	24,600	25,519

