

CBK Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8428

ANNUAL REPORT 2017



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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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



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Corporate Information

BOARD OF DIRECTORS

Executive directors

Ms. Wong Wai Fong (*Chairman*)

Mr. Chan Lap Ping

Independent non-executive directors

Mr. Chan Hoi Kuen Matthew

Mr. Chung Wing Yin

Mr. Law Yui Lun

COMPLIANCE OFFICER

Ms. Wong Wai Fong

AUTHORISED REPRESENTATIVES

Ms. Wong Wai Fong

Mr. Chan Yu Chi

COMPANY SECRETARY

Mr. Chan Yu Chi

AUDIT COMMITTEE

Mr. Law Yui Lun (*Chairman*)

Mr. Chan Hoi Kuen Matthew

Mr. Chung Wing Yin

REMUNERATION COMMITTEE

Mr. Chung Wing Yin (*Chairman*)

Mr. Chan Hoi Kuen Matthew

Mr. Law Yui Lun

Ms. Wong Wai Fong

NOMINATION COMMITTEE

Mr. Chan Hoi Kuen Matthew (*Chairman*)

Mr. Chung Wing Yin

Mr. Law Yui Lun

Ms. Wong Wai Fong

LEGAL COMPLIANCE COMMITTEE

Ms. Wong Wai Fong (*Chairman*)

Mr. Chan Hoi Kuen Matthew

Mr. Chan Yu Chi

Mr. Chung Wing Yin

Mr. Law Yui Lun

AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

COMPLIANCE ADVISER

Guotai Junan Capital Limited

LEGAL ADVISER

D. S. Cheung & Co.

PRINCIPAL BANKS

Fubon Bank (Hong Kong) Limited

DBS Bank (Hong Kong) Limited

Corporate Information

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

**HEADQUARTERS AND PRINCIPAL PLACE
OF BUSINESS IN HONG KONG**

Workshop B2, 5/F
High Fashion Centre
1-11 Kwai Hei Street
Kwai Chung
New Territories
Hong Kong

**HONG KONG BRANCH SHARE REGISTRAR AND
TRANSFER OFFICE**

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

COMPANY WEBSITE

www.cbk.com.hk

STOCK CODE

8428

Chairman's Statement

TO OUR SHAREHOLDERS

On behalf of the board (the "Board") of directors (the "Directors"), I am pleased to present the annual results of CBK Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2017. This is the first annual report of the Group since the Company's listing of its shares on the Growth Enterprise Market of Stock Exchange of Hong Kong Limited on 15 February 2017.

The successful listing of the Company's shares enhances the Group's brand awareness, competitiveness and the funds raised from the capital markets improve the financial strength of the Group.

FINANCIAL RESULTS

For the year ended 31 March 2017, the total Group revenue recorded was approximately HK\$134.8 million (2016: HK\$134.3 million). Loss for the year attributable to owners of our Company was HK\$8.3 million (2015: profit HK\$8.2 million). The loss was mainly attributable to the non-recurring listing expenses of HK\$14.9 million incurred during the year.

RESTAURANT OPERATION

At present, our Group is operating nine restaurants in Hong Kong under the brands of "Calf Bone King (小肥牛火鍋活魚專門店)", "Beefy HotPot (小肥牛火鍋大排檔)", "Calf Bone King Steam Pot (小肥牛蒸氣石鍋火鍋專門店)" and "CBK Prince Club (小肥牛太子會)". Barring unforeseen circumstance, we intend to open three more Calf Bone King restaurants in 2018.

During the year, the retail market condition was sluggish and the economic growth of Hong Kong and the People's Republic of China had been slowed down. The Group was facing the rising operating costs, in particular, rent, staff cost and cost of food ingredients. Despite the above factors, the Group's financial performance for the year ended 31 March 2017 remained stable by the control in staff cost via more efficient management of employees, re-orientation of product mixes and economy of scales.

PROSPECTS

Looking forward, the catering industry is still full of challenges. Nevertheless, we will embrace these challenges by implementing proactive marketing strategies, investing more resources for product development and reinforcing on cost control measures. The Group will also conduct feasibility studies to identify new business opportunities regarding innovative recipes and contemporary cuisine services.

Based on our success, we remain optimistic about the Group's future development. We intend to execute our development plan as set forth in the Prospectus of the Company dated 27 January 2017 (the "Prospectus") carefully and prudently for the purpose of bringing a desirable return to our shareholders and facilitating the long-term growth of the business of the Group.

APPRECIATION

I wish to take this opportunity to extend my sincere thanks to our shareholders, business partners and customers for their ongoing support to the Group. At the same time, I would like to express my appreciation to my fellow Directors, our management team and the staff for their substantial contribution and unwavering dedication to the Group.

On behalf of the Board,

Wong Wai Fong

Chairman and Executive Director

Hong Kong, 23 June 2017

Financial Highlights

CONSOLIDATED RESULTS

	2017 HK\$'000	2016 HK\$'000
Revenue	134,758	134,296
Listing expenses	(14,872)	–
(Loss)/profit before tax	(6,145)	9,576
(Loss)/profit and total comprehensive (loss)/income for the year attributable to owners of the Company	(8,256)	8,200

ASSETS AND LIABILITIES

Assets		
Non-current assets	11,901	10,048
Current assets	91,355	42,270
Total assets	103,256	52,318
Equity and liabilities		
Equity attributable to owners of the Company	90,754	42,772
Non-controlling interests	–	(40)
Total equity	90,754	42,732
Current liabilities	12,502	9,586
Total liabilities	12,502	9,586
Total equity and liabilities	103,256	52,318
Net current assets	78,853	32,684
Net assets	90,754	42,732

Management Discussion and Analysis

INDUSTRY OVERVIEW

The slowdown in global economy and the slowing economic growth in the People's Republic of China in 2016 added uncertainties to the Hong Kong economy. The domestic retail market remained sluggish throughout the year. Despite the economic downturn, the food and beverage industry continued to face shortage of manpower, the pressure of rising costs in rent, labour and food ingredients while the competition in the industry remained intense.

BUSINESS OVERVIEW

For the year ended 31 March 2017, the Group operated nine restaurants in Hong Kong under the brands of "Calf Bone King (小肥牛火鍋活魚專門店)", "Beefy HotPot (小肥牛火鍋大排檔)", "Calf Bone King Steam Pot (小肥牛蒸氣石鍋火鍋專門店)" and "CBK Prince Club (小肥牛太子會)".

We generated our revenue substantially from restaurant operations in Hong Kong for the year ended 31 March 2017. Our revenue from restaurant operations during the year ended 31 March 2017 was generated from sales of food and beverages at our hotpot restaurants in Hong Kong.

During the year ended 31 March 2017, (i) Kwai Chung restaurant was closed for renovation from March to early April 2016 and reopened on 12 April 2016 as "Calf Bone King Steam Pot (小肥牛蒸氣石鍋火鍋專門店); (ii) Yau Ma Tei restaurant commenced operation in May 2016; and (iii) Cheung Sha Wan restaurant and Yuen Long restaurant ceased operation in July 2016 and October 2016, respectively.

Our revenue remained relatively stable at HK\$134.8 million (2016: HK\$134.3 million) for the year ended 31 March 2017.

FUTURE PROSPECTS

Looking forward, the catering industry is still full of challenges. Nevertheless, we will embrace these challenges by implementing proactive marketing strategies, investing more resources for product development and reinforcing on cost control measures. The Group will also conduct feasibility studies to identify new business opportunities regarding innovative recipes and contemporary cuisine services.

Based on our success, we remain optimistic about the Group's future development. We intend to execute our development plan as set forth in the Prospectus carefully and prudently for the purpose of bringing a desirable return to our shareholders and facilitating the long-term growth of the business of the Group.

FINANCIAL REVIEW

Revenue

Our revenue remained relatively stable at HK\$134.8 million (2016: HK\$134.3 million) for the year ended 31 March 2017.

Cost of inventories sold

Our cost of inventories sold increased by HK\$1.7 million to HK\$48.6 million (2016: HK\$46.9 million) for the year ended 31 March 2017, which was primarily due to the increase in the prices of food and beverages used in our operations.

Gross profit

As a result of the increase in the prices of food and beverages, our gross profit decreased by HK\$1.3 million to HK\$86.1 million (2016: HK\$87.4 million) for the year ended 31 March 2017.

Other revenue and other income

Our other revenue and other income remained relatively stable at HK\$1.6 million (2016: HK\$1.8 million) for the year ended 31 March 2017.

Management Discussion and Analysis

Staff costs

Our staff costs decreased by HK\$2.9 million to HK\$38.5 million (2016: HK\$41.4 million) for the year ended 31 March 2017. The decrease in staff costs was mainly due to lower number of staff employed by the Group as well as a reduction of employee benefits paid to the Directors and chief executive during the year.

Depreciation of property, plant and equipment

Our depreciation of property, plant and equipment increased by HK\$0.3 million to HK\$2.9 million (2016: HK\$2.6 million) for the year ended 31 March 2017. The increase was primarily due to the additional depreciation charged for Yau Ma Tei restaurant, which was opened in May 2016.

Property rentals and related expenses

Our property rentals and related expenses increased by HK\$1.6 million to HK\$20.9 million (2016: HK\$19.3 million) for the year ended 31 March 2017. The increase was primarily due to the opening of Yau Ma Tei restaurant in May 2016 and the increase in rent of Prince Edward restaurant during the year.

Fuel and utility expenses

Our fuel and utility expenses remained relatively stable at HK\$4.3 million (2016: HK\$4.4 million) for the year ended 31 March 2017.

Administrative expenses

Our administrative expenses increased by HK\$15.4 million to HK\$27.3 million (2016: HK\$11.9 million) for the year ended 31 March 2017. The increase in administrative expenses was mainly due to the non-recurring listing expenses of HK\$14.9 million, which was non-recurring in nature during the year ended 31 March 2017.

(Loss)/profit before tax

As a result of the foregoing, the Group recorded a loss before tax of HK\$6.1 million (2016: profit HK\$9.6 million) for the year ended 31 March 2017, which was mainly due to the non-recurring listing expenses of HK\$14.9 million incurred during the year.

Income tax expenses

Our income tax expenses increased by HK\$0.5 million to HK\$1.9 million (2016: HK\$1.4 million) for the year ended 31 March 2017.

(Loss)/profit and total comprehensive (loss)/income for the year attributable to owners of the Company and net (loss)/profit margin

As a result of the cumulative effect of the above factors, the Group had loss and total comprehensive loss for the year attributable to owners of the Company of HK\$8.3 million (2016: profit HK\$8.2 million) for the year ended 31 March 2017. The loss and total comprehensive loss attributable to owners of the Company for the year ended 31 March 2017 was primarily attributable to the listing expenses amounting to HK\$14.9 million for the year. If we excluded the non-recurring listing expenses from our results, we would have recorded profit and total comprehensive income attributable to owners of the Company of HK\$6.6 million for the year ended 31 March 2017.

If we excluded the non-recurring listing expenses, our net profit margin decreased to 5.1% (2016: 6.1%) for the year ended 31 March 2017. The decrease in our net profit margin was mainly due to (i) the increase in our cost of inventories sold; and (ii) the increase in our property, rentals and related expenses.

Management Discussion and Analysis

RESULTS OF FINANCIAL POSITION

The Group's total assets increased by HK\$51.0 million to HK\$103.3 million (2016: HK\$52.3 million) as at 31 March 2017.

The Group's total liabilities increased by HK\$2.9 million to HK\$12.5 million (2016: HK\$9.6 million) as at 31 March 2017.

The equity attributable to owners of the Company increased by HK\$48.0 million to HK\$90.8 million (2016: HK\$42.8 million) as at 31 March 2017.

CAPITAL STRUCTURE

The shares of the Company were successfully listed on the GEM Board of the Stock Exchange on 15 February 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2017, the Company's issued share capital was HK\$12,000,000 and the number of its issued ordinary shares was 1,200,000,000 of HK\$0.01 each.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this annual report, the Group did not have other plans for material investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

As at 31 March 2017, the Company did not have any significant investment, material acquisitions and disposals of subsidiaries and associated companies.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group had 189 employees in Hong Kong (2016: 203 employees in Hong Kong), who had passed the probationary period. Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. Other fringe benefits such as medical insurance, retirement benefits and other allowances are offered to all our employees.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2017.

FOREIGN CURRENCY EXPOSURE

Most of the transactions of the Group are denominated in Hong Kong dollar and the Group is not exposed to significant foreign exchange exposure.

CAPITAL COMMITMENTS

As at 31 March 2017, the Group did not have any material capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 March 2017, the Group did not have any mortgage or charge over its assets.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after the reporting period.

Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Wong Wai Fong (黃惠芳女士), aged 49, is our founder, chairman of the Board, executive director, the chairman of the legal compliance committee, a member of the remuneration committee, a member of the nomination committee and one of our Controlling shareholders. She is primarily responsible for overseeing overall business development strategies and major business decisions of our Group. Ms. Wong has over 12 years of experience in restaurant business in Hong Kong, of which she has held managerial position with our Group. Ms. Wong completed secondary school education in Hong Kong in 1985.

Ms. Wong is the spouse of Mr. Kwok Yiu Cheung, our chief executive officer. She is a director of Sure Wonder Investments Limited, a controlling shareholder of our Group.

Saved as disclosed above, she was not a director in any listed companies for the last three preceding years.

Mr. Chan Lap Ping (陳立平先生), aged 49, is our executive director. Mr. Chan joined our Group as general manager in January 2004. He is primarily responsible for supervising the day-to-day operations of our restaurants. Mr. Chan has over 20 years of experience in restaurant operations in Hong Kong, of which he worked as a manager of various restaurants responsible for managing day-to-day operation of restaurants.

Mr. Chan attended primary and secondary school education in Hong Kong from 1976 to 1983. Mr. Chan was awarded a certificate in leadership and decision making skills by the Hong Kong Management Association (香港管理專業協會) in May 2007.

Saved as disclosed above, he was not a director in any listed companies for the last three preceding years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Hoi Kuen Matthew (陳海權先生), aged 45, was appointed as an independent non-executive director and the chairman of the nomination committee and a member of the legal compliance committee, the remuneration committee and the audit committee of our Group on 20 January 2017. Mr. Chan has over ten years of corporate banking experience in Hong Kong.

Mr. Chan has been employed by the American International Assurance Company (Bermuda) Limited (“AIA”) since June 2009 as a business manager. Mr. Chan was subsequently promoted to his current position as a career representative unit manager in December 2014. He is responsible for management of a team providing assistance to clients in respect of wealth management and their insurance coverage. Prior to joining AIA, Mr. Chan worked in the international and local banks in Hong Kong and Australia. He was primarily responsible for managing clientele portfolio, in respect of products structure, risk assessment and profitability.

Mr. Chan graduated from the University of New South Wales in Australia with a bachelor’s degree in commerce, majoring in accounting and finance in October 1994. Mr. Chan has been a practising Certified Public Accountant registered with the Australian Society of Certified Practising Accountants since November 1997. He has also been admitted as an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants) since February 2001.

Saved as disclosed above, he was not a director in any listed companies for the last three preceding years.

Directors and Senior Management

Mr. Chung Wing Yin (鍾永賢先生), aged 40, was appointed as an independent non-executive director and the chairman of the remuneration committee, a member of the legal compliance committee, the audit committee and the nomination committee of our Group on 20 January 2017. Mr. Chung has over 14 years of experience in the legal profession in Hong Kong. He has been a partner of Li & Partners since June 2010. He is primarily responsible for general commercial and corporate matters, IPOs, mergers and acquisitions and compliance matters of listed companies. Prior to joining Li & Partners, Mr. Chung worked at several Hong Kong law firms. He was mainly responsible for cross border commercial projects.

Mr. Chung obtained a bachelor of laws degree and a master of laws in Chinese law degree from the University of Hong Kong in December 1999 and December 2004, respectively. He was admitted as a solicitor of the High Court of Hong Kong in August 2002 and a solicitor of the Supreme Court of England and Wales in October 2003, respectively. Mr. Chung also obtained the HKSI Specialist Certificate (Corporate Finance) from the Hong Kong Securities Institute in June 2004.

Since December 2014, Mr. Chung has been an independent non-executive director of Canvest Environmental Protection Group Company Limited (stock code: 1381), a company listed on the Stock Exchange and principally carries on the business of providing municipal solid waste handling services and operation and management of waste-to-energy plants. In July 2016, Mr. Chung was appointed as an independent non-executive director of Jilin Jiutai Rural Commercial Bank Corporation Limited (stock code: 6122), a company listed on the Stock Exchange and carries on the business of rural commercial banking in Northeast China. Save as disclosed above, during the three years immediately preceding the Latest Practicable Date, Mr. Chung was not a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Saved as disclosed above, he was not a director in any listed companies for the last three preceding years.

Mr. Law Yui Lun (羅裔麟先生), aged 55, was appointed as an independent non-executive director and the chairman of the audit committee, a member of the legal compliance committee, a member of the remuneration committee and a member of the nomination committee of our Company on 20 January 2017. Mr. Law has over 17 years of experience in the accounting, corporate taxation and financial advisory. Mr. Law has been the sole proprietor of Y.L. Law and Company, a company which provides consultancy and company secretarial services in Hong Kong since June 1999.

Mr. Law obtained a master's degree in Business Administration from Oklahoma City University in the United States in December 1991. In January 1986, Mr. Law was admitted as an associate member of the Hong Kong Institute of Certified Public Accountants ("HKICPA", formerly known as the Hong Kong Society of Accountants). He is currently a practising Certified Public Accountant registered with the HKICPA. He has been admitted as a fellow of the Chartered Association of Certified Accountants of the United Kingdom since October 1990. Mr. Law has been admitted as an associate of the Taxation Institute of Hong Kong since May 1993.

Since April 2005, Mr. Law has been an independent non-executive director of Shougang Concord Century Holdings Limited (stock code: 103), a company listed on the Main Board and principally carries on the business of steel cords manufacturing, copper processing and trading of copper and brass products.

Saved as disclosed above, he was not a director in any listed companies for the last three preceding years.

SENIOR MANAGEMENT

Mr. Kwok Yiu Chung (郭耀松先生), aged 54, is our Chief Executive Officer and one of our Controlling shareholders. Mr. Kwok joined our Group in December 2003 as our manager. He is primarily responsible for overseeing the day-to-day operation and management of our restaurants.

Mr. Kwok has over 20 years of experience in restaurant business in Hong Kong. Prior to the establishment of our Group, before 2003, he held managerial positions with various restaurants responsible for general operations and management of the restaurants.

Directors and Senior Management

Mr. Kwok obtained a professional diploma in Chinese food and beverage management (中式飲食管理專業文憑) from Tao Miao Institute of the Vocational Training Council in September 2009. In recognition of Mr. Kwok's experience in the restaurant industry in Hong Kong, he has been appointed to various key positions of the Hong Kong Federation of Restaurants & Related Trades (香港餐飲聯業協會) (the "Federation") since 2007. From 2007 to 2011, Mr. Kwok was appointed as a director of the Federation, who was responsible for managing the corporate affairs of the Federation. During the period between 2011 and 2015, he was appointed as a vice-chairman of the executive and members affairs divisions of the Federation. Mr. Kwok has been re-appointed as a director of the Federation since 2015.

Mr. Kwok is the spouse of Ms. Wong Wai Fong, our executive director and the chairman of our Board.

Mr. Chan Yu Chi (陳如子先生), aged 58, has been our Chief Financial Officer since he joined our Group in January 2013. He is also a member of the legal compliance committee of our Group. He is principally responsible for overseeing our Group's overall financial accounting and reporting as well as corporate governance matters. Mr. Chan has over 17 years of experience in the auditing and accounting profession.

Mr. Chan graduated from the Open University of Hong Kong (formerly known as the Open Learning Institute of Hong Kong) with three respective degrees. He obtained a bachelor's and a master's degree in business administration in December 1995 and December 2001, respectively. He also obtained a master's degree of Electronic Commerce in December 2007. Mr. Chan has been admitted as a certified public accountant of HKICPA (formerly known as the Hong Kong Society of Accountants) since January 1999. He has further become a member of the Association of Chartered Certified Accountants (ACCA) since September 1999 and has been its fellow since September 2004.

Mr. Chan Chun Ming (陳俊明先生), aged 44, is our human resources and administrative system management director. He joined our Group as a human resources manager in November 2010 and was promoted to the current position on 1 January 2015. He is primarily responsible for overseeing our Group's overall human resources and administration system management. Mr. Chan has over 20 years of experience in restaurant industry in Hong Kong.

Prior to joining our Group, Mr. Chan worked as a director and a consultant at KAR Consultants Company Limited from January 2007 to September 2010, where he was responsible for business management. From March 1994 to April 2007, he gained experience in human resources in the restaurant industry, serving as a senior human resources officer at Fairwood Fast Food Limited (stock code: 0052), a company which operates a leading fast food restaurant chain in Hong Kong and in Greater China, where he was responsible for human resources matters.

Mr. Chan was awarded the Certificate in Personnel Management by the School of Continuing Education of Hong Kong Baptist University. Mr. Chan obtained the 5-S Lead Auditor (Green Belt) Certificate from HK5-S Association (香港五常法協會) in December 2008. He also obtained the ERS 5S Management Certificate from Hong Kong Environmental Resource and Safety Institute (香港環境資源及安全學會) and the Basic Food Hygiene Certificate for Food Hygiene Managers from Hong Kong Christian Service Kwun Tong Vocational Training Council (香港基督教服務處觀塘職業訓練中心) in April and October 2009, respectively.

COMPANY SECRETARY

Mr. Chan Yu Chi is the company secretary of our Company. Mr. Chan's biography is set out in the subsection headed "Senior Management" in this section.

COMPLIANCE OFFICER

Ms. Wong Wai Fong is the compliance officer of our Company. Ms. Wong's biography is set out in the subsection headed "Executive Directors" in this section.

Corporate Governance Report

INTRODUCTION

The Board has adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (“CG Code”) under Appendix 15 of the GEM Listing Rules. For the year ended 31 March 2017, the Company has fully complied with all applicable provisions of the CG Code.

The Company will continue to enhance its corporate governance appropriate to the conduct and growth of its business and to review its corporate governance from time to time to ensure they comply with the statutory and the CG Code and align with the latest developments.

THE BOARD OF DIRECTORS

The Board’s primary responsibilities are to oversee the management of the Group, to formulate the Group’s long-term corporate strategy including the formulation and approval of all policy matters, internal control and risk management systems, to evaluate the performance of the Group and to assess the achievement of targets periodically set by the Board.

In addition, the Board has also established Board Committees and has delegated to these Board Committees various responsibilities set out in their terms of reference respectively.

The Board has delegated the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group’s businesses to the executive directors, senior management and certain specific responsibilities to the Board committees.

COMPOSITION OF THE BOARD

As at the date of this annual report, there are two executive directors, namely Ms. Wong Wai Fong (Chairman) and Mr. Chan Lap Ping, and three independent non-executive directors, namely Mr. Chan Hoi Kuen Matthew, Mr. Chung Wing Yin and Mr. Law Yui Lun.

The biographical details of each of the Directors are set out in the section headed “Directors and Senior Management” of this annual report.

The INEDs have brought in a wide range of business and financial expertise and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will make various contributions to the Company.

During the period from 15 February 2017 (the “Listing Date”) to 31 March 2017, the Board has at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three INEDs with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise as required under the GEM Listing Rules.

The Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules up to the date of this annual report.

Proper insurance coverage in respect of legal actions against the Directors’ liability has been arranged by the Company.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE

According to the Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the year ended 31 March 2017, the role of the chairman of the Company is performed by Ms. Wong Wai Fong and the executive functions of a chief executive are discharged by Mr. Kwok Yiu Chung as the chief executive officer of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The current independent non-executive directors are Mr. Chan Hoi Kuen Matthew, Mr. Chung Wing Yin and Mr. Law Yui Lun. The independent non-executive directors help the management to formulate the Group's development strategies, ensure the Board prepares its financial and other mandatory reports in strict compliance with required standards, and ensure the Company maintains appropriate system to protect the interests of the Company and the shareholders. The Company received the annual confirmation from the independent non-executive directors in respect of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considered all the independent non-executive directors to be independent.

CONTINUING PROFESSIONAL DEVELOPMENT

According to the Code Provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some training for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the CG Code on the Directors' training. During the year ended 31 March 2017, all the Directors have participated in continuous professional development and the relevant details are set out below:

Directors	Reading materials
<i>Executive Directors</i>	
Ms. Wong Wai Fong (<i>Chairman</i>)	✓
Mr. Chan Lap Ping	✓
<i>Independent non-executive directors</i>	
Mr. Chan Hoi Kuen Matthew	✓
Mr. Chung Wing Yin	✓
Mr. Law Yui Lun	✓

Corporate Governance Report

MEETINGS OF BOARD AND DIRECTORS' ATTENDANCE RECORDS

Schedules for regular Board meetings are normally agreed with the Directors in advance. In addition to the above, notice of at least 14 days is given for a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all Directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting to provide them with materials relating to the transactions to be discussed in the meeting in order to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chairman, other Directors and other relevant senior management normally attend regular Board meetings and, where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board and committee meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

Accounting to current Board practice, any material transaction, which involves a conflict of interest for substantial shareholders or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The M&A contains provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

Since the date of the Listing and up to 31 March 2017, one Board meeting was held. The attendance record of each Director at the Board meeting is set out in the table below:

Name of Directors	Board Meeting Attended/Held
<i>Executive Directors</i>	
Ms. Wong Wai Fong (<i>Chairman</i>)	1/1
Mr. Chan Lap Ping	1/1
<i>Independent non-executive directors</i>	
Mr. Chan Hoi Kuen Matthew	1/1
Mr. Chung Wing Yin	1/1
Mr. Law Yui Lun	1/1

BOARD COMMITTEES

The Board has established four Board committees, namely the audit committee, the remuneration committee, the nomination committee and the legal compliance committee to oversee particular aspects of the Company's affair. The Board committees are provided with sufficient resources to discharge their duties.

Corporate Governance Report

AUDIT COMMITTEE

An audit committee has been established with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C.3.3 and C.3.7 of the CG Code. The audit committee consists of three members, namely Mr. Chan Hoi Kuen Matthew, Mr. Chung Wing Yin and Mr. Law Yui Lun, all being independent non-executive directors. Mr. Law Yui Lun currently serves as the chairman of the audit committee. The committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group, and as to the adequacy of the external and internal audits.

With reference to the terms of reference, the primary responsibilities of the audit committee, among others, are as follow:

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve and review the remuneration and terms of engagement of the external auditors;
- (b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) to develop and implement policy on engaging external auditors to supply non-audit services;
- (d) to monitor the integrity of financial statements and the annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgements contained in them;
- (e) to discuss the internal control system with management of our Group to ensure that the management of our Group has performed its duty to have an effective internal control system; and
- (f) to develop and review our Group's policies and practices on corporate governance and make recommendations to the Board and monitor our Group's policies and practices on compliance with legal and regulatory requirements.

The members of the audit committee should meet at least twice a year. Due to the fact that the Company was listed on 15 February 2017, the audit committee had not held any meeting during the year ended 31 March 2017. The first meeting of the audit committee was scheduled on 24 April 2017. Our Group's consolidated financial statements in respect of the year ended 31 March 2017 have been reviewed by the audit committee. There was no disagreement between the Board and the audit committee regarding selection and appointment of the external auditors during the year ended 31 March 2017.

REMUNERATION COMMITTEE

A remuneration committee has been established with its terms of reference in compliance with paragraph B.1.2 of the CG Code. The remuneration committee consists of four members, namely Ms. Wong Wai Fong, the executive director, and Mr. Chan Hoi Kuen Matthew, Mr. Chung Wing Yin and Mr. Law Yui Lun, being the independent non-executive directors. Mr. Chung Wing Yin currently serves as the chairman of the remuneration committee.

The remuneration committee is obliged to report to the Board on its decisions or recommendations. With reference to the terms of reference of remuneration committee, the primary duties, among others, are as follow:

- (a) to formulate remuneration policy for the approval of the Board;
- (b) to make recommendations to the Board on our Group's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (d) to determine, with delegated responsibility or make recommendations to the Board on the remuneration packages of individual executive directors and senior management of our Group;
- (e) to make recommendations to the Board on the remuneration of non-executive directors;
- (f) to review and approve compensation payable to executive directors and senior management of our Group for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (h) to consider the performance bonus for executive directors, senior management and general staff, having regard to their achievements against the performance criteria and by reference to market norms, and make recommendations to the Board.

The members of the remuneration committee should meet at least once a year. Due to the fact that the Company was listed on 15 February 2017, the remuneration committee had not held any meeting during the year ended 31 March 2017. The first meeting of the remuneration committee was scheduled on 23 June 2017.

Corporate Governance Report

NOMINATION COMMITTEE

A nomination committee has been established with its terms of reference in compliance with paragraph A.5.2 of the CG Code. The nomination committee of our Group consists of four members, namely Ms. Wong Wai Fong, the executive director, and Mr. Chan Hoi Kuen Matthew, Mr. Chung Wing Yin and Mr. Law Yui Lun, being the independent non-executive directors. Mr. Chan Hoi Kuen Matthew currently serves as the chairman of the nomination committee.

The nomination committee is obliged to report to the Board on its decisions or recommendations. With reference to the terms of reference of nomination committee, the primary duties, among others, are as follow:

- (a) to formulate nomination policy for the Board's consideration and implement the Board's approved nomination policy;
- (b) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement our Group's corporate strategy;
- (c) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (d) to receive nominations from shareholders or Directors when such are tendered and to make recommendations to the Board on the candidacy of the nominees, having regard to the Board's compositional requirements and suitability of the nominees;
- (e) to assess the independence of independent non-executive directors and review the independent non-executive directors' confirmations on their independence; and make disclosure of its review results in the corporate governance report;
- (f) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive of our Group; and
- (g) regularly review the contribution required from a Director to perform his/her responsibilities to our Group, and whether he/she is spending sufficient time performing them.

The members of the nomination committee should meet at least once a year. Due to the fact that the Company was listed on 15 February 2017, nomination committee had not held any meeting during the year ended 31 March 2017. The first meeting of the nomination committee was scheduled on 23 June 2017.

LEGAL COMPLIANCE COMMITTEE

A legal compliance committee has been established for the purpose of assisting in overseeing compliance with laws and regulations relevant to our operations as well as the adequacy and effectiveness of regulatory compliance procedures and system. The legal compliance committee comprises: (i) Ms. Wong Wai Fong, the chairman of the Board and an executive director, and (ii) Mr. Chan Yu Chi, the chief financial officer and company secretary of the Company; (iii) Mr. Chan Hoi Kuen Matthew, an independent non-executive director and (iv) Mr. Chung Wing Yin, an independent non-executive director and (v) Mr. Law Yui Lun, an independent non-executive director.

Corporate Governance Report

With reference to the terms of reference, the primary responsibilities of the legal compliance committee, among others, are as follow:

- (a) to review the effectiveness of the Group's regulatory compliance procedures and system, including operational and compliance procedures and risk management functions;
- (b) to assess and review the adequacy of resources, staff qualifications and experience, and training programmes in relation to the Group's regulatory compliance functions;
- (c) to assist the audit committee of the Company in overseeing the Group's corporate governance functions, which includes (i) developing and reviewing the policies and practices on corporate governance and making recommendations to the audit committee on a quarterly basis; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; and (iv) reviewing the compliance with the Corporate Governance Code set out in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and the disclosure in the corporate governance report to be included in the annual report of the Company;
- (d) to receive and handle any actual or suspected non-compliance matters reported by the employees of the Group and engage external professional advisers to assist in the preparation of reports and recommendations in respect of such actual or suspected non-compliance matters; and
- (e) to review the effectiveness of the Group's ongoing measures to prevent future non-compliance incidents and provide updates on the applicable laws related to the Group's business operations with the assistance of external professional parties including legal advisers as to Hong Kong law, compliance adviser, and internal control consultant from time to time.

The members of the legal compliance committee should meet at least once a year. Due to the fact that the Company was listed on 15 February 2017, the legal compliance committee had not held any meeting during the year ended 31 March 2017. The first meeting of the legal compliance committee was scheduled on 23 June 2017.

AUDITORS' REMUNERATION

The Group's independent external auditors is HLB Hodgson Impey Cheng Limited ("HLB"). The remuneration for the audit and non-audit services provided by HLB (including its affiliates) to the Group during the year ended 31 March 2017 was approximately as follows:

Type of Services	Amount (HK\$'000)
Audit services	800
Non-audit services	124
Services provided for the listing: — as reporting accountants	3,500
Total	4,424

Corporate Governance Report

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its responsibility for the effectiveness of the Group's internal control and risk management systems. Such internal control and risk management systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The Board had conducted a review on the effectiveness of the Group's internal control and risk management systems once during the year ended 31 March 2017 which covered financial, operational, compliance procedural and risk management functions and had considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. In light of the size and scale of the Group's business, the Group does not have an internal audit function as the Board has reviewed the effectiveness of the internal control system of the Company and is currently of the view that there is no immediate need to set up an internal audit function within the Group. The Board will review and consider to establish such department as and when it thinks necessary.

The Group has engaged an external professional consultant, to conduct independent internal control review for the year ended 31 March 2017 and the review is completed as at the date of this annual report.

The Group believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Group has therefore made continued efforts to uplift its quality of corporate governance. It has established a highly effective system of internal controls and adopted a series of measures to ensure its safety and effectiveness. As a result, the Group is able to safeguard its assets and protect the interests of its shareholders.

The Board is of the view that the systems of internal control and risk management are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control system.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors understand and acknowledge their responsibility for ensuring that the consolidated financial statements for each financial year are prepared to give a true and fair view of the state of affairs, profitability and cash flows of the Group for that period in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements of the Group for the year ended 31 March 2017, the Directors have adopted appropriate and consistent accounting policies and made prudent and reasonable judgements and estimations. The Directors are responsible for maintaining proper accounting records which reflect with reasonable accuracy the state of affairs, operating results, cash flows and equity movement of the Group at any time. The Directors confirm that the preparation of the consolidated financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

COMPANY SECRETARY

Mr. Chan Yu Chi is the company secretary of the Company. The biographical details of Mr. Chan are set out in the section headed "Directors and Senior Management" of this annual report. In accordance with Rule 5.15 of the GEM Listing Rules, Mr. Chan had taken no less than 15 hours of relevant professional training during the year ended 31 March 2017.

Corporate Governance Report

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Company uses a number of channels to communicate to shareholders and investors on the performance of the Company, including (i) the publication of quarterly, interim and annual reports; (ii) the AGM or extraordinary general meeting which provide a forum for shareholders of the Company to raise comments and exchange views with the Board; (iii) key information on the Group is available on the website of the Company; and (iv) the Company's share registrars in Hong Kong serve the shareholders on all share registration matters. The Company aims to provide its shareholders and investors with high standard of disclosure and financial transparency.

Shareholders are encouraged to attend the AGM for which at least 21 days' notice is given. The chairperson of the Board on other Directors are available to answer shareholders' questions on the Group's business at the meetings. All shareholders have statutory rights to call for extraordinary general meetings and to put forward an agenda for consideration.

According to Article 23 of the Articles of Association, 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, have 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.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Written Notice") to the Company's principal place of business in Hong Kong at Workshop B2, 5/F., High Fashion Centre, 1-11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong.

The Written Notice (i) must include the personal information of the Candidate as required by Rule 17.50(2) of the GEM Listing Rules; and (ii) must be signed by the Shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of the publication of his/her personal information.

The period for lodgment of the Written Notice shall commence on the day after the despatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

In order to ensure the shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, shareholders are urged to submit and lodge the Written Notice as early as practicable preferably at least 15 business days prior to the date of the general meeting appointed for such election.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company's constitutional documents during the year ended 31 March 2017.

DIRECTORS' SECURITIES TRANSACTIONS

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

Directors' Report

The Board is pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2017.

BUSINESS REVIEW

For business review of the Group for the year, please refer to "Chairman's Statement" and "Management Discussion and Analysis" sections.

PRINCIPAL RISK AND UNCERTAINTIES

For principal risk and uncertainties of the Group for the year, please refer to "Risk Factors" section of the Prospectus.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 28 to the consolidated financial statements. The principal activity of the Group is the provision of catering services in Hong Kong.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2017 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 41 to 81.

On 30 September 2016, the Company's subsidiaries declared dividends totalling HK\$12,000,000 to the then shareholders of the Company's subsidiaries prior to the Company's listing. The Board does not recommend the payment of a final dividend for the year ended 31 March 2017.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group is set out on page 82 of the annual report. The summary does not form part of the audited financial statements.

Financial Resources and Liquidity

As at 31 March 2017, current assets amounted to HK\$91.4 million (2016: HK\$42.3 million) of which HK\$84.4 million (2016: HK\$25.7 million) was cash and bank balances, HK\$6.0 million (2016: HK\$6.3 million) was trade receivables, deposits, prepayments and other receivables. The Group's current liabilities amounted to HK\$12.5 million (2016: HK\$9.6 million), including trade payables and accrued charges and other payables in the amount of HK\$11.9 million (2016: HK\$7.5 million). Current ratio and quick assets ratio were 7.3 and 7.3 respectively (2016: 4.4 and 4.4 respectively).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this annual report, the Group did not have other plans for material investments or capital assets as of 31 March 2017.

Comparison of Business Strategies and Actual Business Progress

An analysis comparing the business strategies as set out in the Prospectus with the Group's actual business progress for the period from 15 February 2017 (the "Listing Date") to 31 March 2017 is set out below:

Business Strategies	Actual progress
Strengthening our information technology system	We have started evaluation of our information technology system and the enhancement will start in early July.
Expanding our restaurant network in strategic locations	We are in the process of identifying locations for the new hotpot restaurants.
Maintaining steady food quality through the setting up of a central kitchen	We are in the process of identifying a location for the central kitchen.

Directors' Report

USE OF PROCEEDS FROM THE PLACING

On 15 February 2017, the Company's shares were listed on the GEM of the Stock Exchange. A total of 300,000,000 new shares with nominal value of HK\$0.01 each of the Company were issued at HK\$0.25 per share for a total of HK\$75.0 million. The net proceeds raised by the Company from the abovementioned Placing were approximately HK\$53.2 million. The Company intends to continue to apply the net proceeds in accordance with the section headed "Future Plans and Use of Proceeds" of the Prospectus.

From the Listing Date of the Company to 31 March 2017, the net proceeds had not been utilised.

CHARITABLE DONATIONS

During the year, the Group made charitable donations totalling HK\$781,000 (2016: HK\$152,000).

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the Company's share capital and movements during the year are set out in note 24 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 44 and note 26(b) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2017, the Company has no distributable reserve available as calculated in accordance with the relevant provisions of the Hong Kong Companies Ordinance.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the contracts relating to the reorganisation of our Group in relation to the listing and save as disclosed in this annual report, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates had an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the year or as at 31 March 2017.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the resolutions in writing of all the shareholders passed on 20 January 2017 (the "Adoption Date"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(A) 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 our Group and to promote the success of the business of our Group.

(B) Who may join and basis of eligibility

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 our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, our independent non-executive directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(C) Price of shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the higher of: (i) the closing price of our 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 our 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. For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five business days, the issue price of the Shares on the Stock Exchange shall be used as the closing price for any business day fall within the period before Listing.

(D) Grant of options and acceptance of offers

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 our Company on acceptance of the offer for the grant of an option is HK\$1.0.

(E) Maximum number of shares

(a) Subject to sub-paragraphs (b) and (c) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of our Shares in issue as at the Listing Date (taking no account of any Shares may be issued upon the exercise of the Offer Size Adjustment Option). Therefore, it is expected that our Company may grant options in respect of up to 120,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 120,000,000 Shares from time to time) to the participants under the Share Option Scheme.

- (b) The 10% limit as mentioned above may be refreshed at any time by approval of the shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of our Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our shareholders containing the information as required under the GEM Listing Rules in this regard.
- (c) Our Company may seek separate approval by our shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the GEM Listing Rules.
- (d) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(F) Maximum number of shares of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by shareholders in general meeting with such grantee and his associates abstaining from voting. In such event, our Company must send a circular to our shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(G) Grant of options to certain connected persons

- (a) Any grant of an option to a Director, chief executive or substantial shareholder of our Company (or any of their respective associates) must be approved by our independent non-executive directors (excluding any independent non-executive director who is the grantee of the option).
- (b) Where any grant of options to a substantial Shareholder or an independent non-executive director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
 - (i) representing in aggregate over 0.1% of our Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by our shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our shareholders containing all information as required under the GEM Listing Rules in this regard. All connected persons of our Company shall abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive director or any of their respective associates is also required to be approved by our shareholders in the aforesaid manner.

(H) Restrictions on the times of grant of options

- (a) Our Company may not grant any options after inside information has come to its knowledge until such inside information has been announced. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:
 - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and
 - (ii) the deadline for our Company to publish an announcement of the results for any year, half-year or quarterly under the GEM Listing Rules, or other interim period (whether or not required under the GEM Listing Rules).
- (b) Further to the restrictions in paragraph (a) above, no option may be granted to a Director on any day on which financial results of our Company are published:
 - (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(I) Time of exercise of option

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.

(J) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(K) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with our fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that our Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(L) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(M) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (N) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (Q), (R) and (S) occurs prior to his death or within such period of 12 months following his death, then his legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(N) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

(O) Rights on cessation of employment for other reasons

In the event that the grantee is an employee, a consultant or an adviser (as the case may be) of member of our Group at the date of grant and he subsequently ceases to be an employee, a consultant or an adviser (as the case may be) of our Group for any reason other than his death or the termination of his employment of an employee or engagement of a consultant or an adviser (as the case may be) on one or more of the grounds specified in (N) above, the option (to the extent not already lapsed or exercised) shall lapse on the expiry of three months after the date of cessation of such employment of an employee or engagement of a consultant or an adviser (as the case may be) (which date will be in the case of an employee the last actual working day, on which the grantee was physically at work with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not, and in the case of a consultant or an adviser (as the case may be), the last actual day of providing consultancy or advisory services to the relevant member of our Group).

(P) Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time, provided that any alteration shall give a grantee, as near as possible, the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(Q) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(R) Rights on winding-up

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(S) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and our shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to our shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two business days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement ("Suspension Date"), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the business day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that our Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of our officers.

(T) Lapse of options

An option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph (I) above;
- (ii) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (L);
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (M), (O), (Q), (R) or (S) above;
- (iv) subject to paragraph (R) above, the date of the commencement of the winding-up of our Company;
- (v) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (vi) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (vii) subject to the compromise or arrangement as referred to in paragraph (S) become effective, the date on which such compromise or arrangement becomes effective.

(U) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in a manner that complies with all applicable legal requirements for such cancellation.

(V) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date 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.

(W) Alteration to the Share Option Scheme

- (i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of the shareholders in general meeting.
- (ii) Any amendment to any terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the GEM Listing Rules and the notes thereto and the supplementary guidance on the interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time or any guidelines issued by the Stock Exchange from time to time.

Directors' Report

(X) Termination to the Share Option Scheme

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.

(Y) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon the Stock Exchange granting the listing of, and permission to deal in, our Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, and commencement of dealings in the Shares on the Stock Exchange.

As at the date of this annual report, no option has been granted or agreed to be granted under the Share Option Scheme.

CONTINUING CONNECTED TRANSACTIONS

Pursuant to the rental agreement dated 19 September 2016 made between Smart Elegant Enterprises Limited ("Smart Elegant") and Most Will Limited ("Most Will"), a wholly-owned subsidiary of the Company, Most Will is entitled to occupy the premises for the period from 1 September 2016 to 31 August 2019 in accordance with the terms of the agreement. Ms. Wong, a director of the Company, is interested in this transaction to the extent that Ms. Wong has equity interests and is a director in Smart Elegant. During the year ended 31 March 2017, the rental expenses paid by the Group was HK\$2,400,000 (2016: HK\$2,400,000).

The Group has also entered into transaction with United Strategy Limited ("United Strategy"), in which Ms. Wong, a director of the Company, are interested in this transaction to the extent that, Ms. Wong is a director and one of the shareholders of United Strategy. During the year ended 31 March 2017, management fee paid by the Group was HK\$53,000 (2016: HK\$175,000).

The material related party transactions entered into by our Group are set out in note 27 to the consolidated financial statements to this annual report.

The transactions are constitute as a continuing connected transactions but fully exempted from shareholders' approval, annual review and all disclosure requirements under the GEM Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Guotai Junan Capital Limited ("Guotai Junan") to be the compliance adviser. As informed by Guotai Junan, neither Guotai Junan nor any of its directors or employees or associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Guotai Junan dated 17 October 2016.

DIRECTORS

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

Executive Directors

Ms. Wong Wai Fong (*Chairman*)
Mr. Chan Lap Ping

Independent non-executive directors

Mr. Chan Hoi Kuen Matthew
Mr. Chung Wing Yin
Mr. Law Yui Lun

Directors' Report

Pursuant to article 84 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, 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 annual general meeting at least once every three years. At the forthcoming annual general meeting of the Company (the "AGM"), each of Ms. Wong and Mr. Chan will retire from office as Director by rotation and, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of Ms. Wong Wai Fong and Mr. Chan Lap Ping, being the executive directors, has entered into a service contract with the Company for a term of three years commencing from the Listing Date and shall continue thereafter unless terminated by either party giving to the other not less than three month's notice in writing.

Each of Mr. Chan Hoi Kuen Matthew, Mr. Chung Wing Yin and Mr. Law Yui Lun, being the independent non-executive directors ("INEDs"), has entered a letter of appointment for a term of one year commencing from the Listing Date and shall continue thereafter unless terminated by either party giving to the other at least one month's notice in writing.

No Director proposed for re-election at the forthcoming annual general meeting 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.

INDEPENDENCE CONFIRMATION

The Company has received confirmation from each of the INEDs regarding his independence in accordance with Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent.

EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, chief executive and the five highest paid individuals of the Group are set out in notes 10 and 11 to the consolidated financial statements.

SENIOR MANAGEMENT REMUNERATION

The remuneration paid to each of the senior management fell within the following bands:

	2017	2016
Nil to HK\$1,000,000	3	2
HK\$1,000,001 to HK\$2,000,000	–	1

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Biographical details of the Directors and the Management of the Group are set out on pages 10 to 12 of this annual report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party at any time during or at the end of the year ended 31 March 2017.

As of 31 March 2017, no contract of significance had been entered into between the Company, or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries.

Directors' Report

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the year ended 31 March 2017.

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

The Directors confirm that as at the date of the Listing on 15 February 2017 and up to the date of this annual report, there has been no purchase, sale or redemption of the Company's listed securities by neither the Company, nor any of its subsidiaries.

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

Interests and Short Positions of Directors in the shares, Underlying shares and Debentures of the Company and Its Associated Corporations

As at 31 March 2017, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange: (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"), or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

(i) Long position in our Shares

Name of Director/ chief executive	Capacity/nature of interest	Number of shares held/ interested	Percentage of interest
Ms. Wong Wai Fong ("Ms. Wong")	Interest in controlled corporation	889,200,000	74.1%
Mr. Kwok Yiu Chung ("Mr. Kwok") ^(Note)	Family interest	889,200,000	74.1%

Note: Mr. Kwok, our chief executive officer, is Ms. Wong's spouse and is deemed to be interested in 889,200,000 Shares in which Ms. Wong is interested under the SFO.

(ii) Long position in the ordinary shares of associated corporation

Name of Director/ chief executive	Name of associated corporation	Capacity/ nature of interest	Number of shares held/ interested	Percentage of interest (approximate)
Mr. Kwok ^(Note 1)	Sure Wonder Investments Limited ("Sure Wonder")	Beneficial owner	834	83.4%
		Family interest	17	1.7%
Ms. Wong ^(Note 1)	Sure Wonder	Beneficial owner	17	1.7%
		Family interest	834	83.4%
Mr. Chan Lap Ping ^(Note 2)	Sure Wonder	Family interest	18	1.8%

Directors' Report

Notes:

1. Mr. Kwok, our chief executive officer, is Ms. Wong's spouse and is deemed to be interested in the shares of Sure Wonder held by Ms. Wong under the SFO. Accordingly, Ms. Wong, our executive director, is deemed to be interested in the shares of Sure Wonder held by Mr. Kwok under the SFO.
2. Mr. Chan Lap Ping, our executive director, is the spouse of Ms. Yang Dongxiang ("Ms. Yang") and is deemed to be interested in the shares of Sure Wonder held by Ms. Yang under the SFO.

Save as disclosed above, as at 31 March 2017, none of the Directors and the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the Register, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Interests and Short Positions of Substantial Shareholders and Other Persons in the shares, Underlying shares and Debentures of the Company and Its Associated Corporations

So far as the Directors are aware of, as at 31 March 2017, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the shares and underlying shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO (the "Substantial Shareholders' Register"), or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company:

Long positions in the ordinary shares of the Company

Name	Capacity/nature of interest	Number of held/ interested	Percentage of shareholding (approximate)
Sure Wonder ^(Note 1)	Beneficial owner	889,200,000	74.1%

Note:

1. In view of the concert party arrangement among Ms. Wong, Mr. Kwok, Mr. Tam Wai Shing ("Mr. Tam"), Ms. Yang and Mr. Hui Chun Wah ("Mr. Hui"), Ms. Wong, Mr. Kwok, Mr. Tam, Ms. Yang and Mr. Hui, who, through Sure Wonder, control an aggregate of 889,200,000 Shares, representing 74.1% of the issued share capital of our Company. Hence, Ms. Wong, Mr. Kwok, Mr. Tam, Ms. Yang, Mr. Hui and Sure Wonder are a group of Controlling shareholders within the meaning of the GEM Listing Rules.

Save as disclosed above, as at 31 March 2017, the Directors were not aware of any persons who/entities which had any interest or short position in the shares or underlying shares that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register required to be kept under section 336 of the SFO.

Directors' Report

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

MAJOR CUSTOMERS AND SUPPLIERS

The Group has no major customers due to the nature of principal activities of the Group.

For the year ended 31 March 2017, purchases from our five largest suppliers accounted for approximately 47.0% of our total purchases of raw materials and consumables consumed. During the same year, purchases from our largest supplier accounted for approximately 19.4% of our total purchase of materials and consumables. None of the Directors, their respective associates, or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any significant beneficial interest in the major customers and suppliers disclosed above.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive or similar rights under the laws of Caymans Islands or the Articles of Association of the Company (the "Articles of Association") which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

PERMITTED INDEMNITY PROVISION

Pursuant to article 164(1) of the Article and Association, the Directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, or trusts. Such provisions were in force throughout the year ended 31 March 2017 and are currently in force. The Company has arranged for appropriate insurance cover for Directors' Liabilities in respect of legal actions that may be brought against the Directors.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group had 189 employees in Hong Kong (2016: 203 employees in Hong Kong), who had passed the probationary period. The total staff costs incurred, including Directors' emoluments, of our Group was approximately HK\$38.5 million for the year ended 31 March 2017 (2016: approximately HK\$41.4 million). Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. Other fringe benefits such as medical insurance, retirement benefits and other allowances are offered to all our employees. Directors and other employees who have made valuable contribution to the Group may also receive options to be granted under the Share Option Scheme.

Directors' Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after the annual report has been published.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Monday, 11 September 2017 to Friday, 15 September 2017, both days inclusive, during which period no transfer of the shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Friday, 15 September 2017.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after the reporting period.

AUDITORS

The financial statements have been audited by HLB Hodgson Impey Cheng Limited, Certified Public Accountants, who shall retire at the forthcoming annual general meeting and, being eligible, offered themselves for re-appointment as auditors of the Company. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Wong Wai Fong

Chairman and Executive Director

Hong Kong, 23 June 2017

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 CBK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of CBK Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 81, which comprise the consolidated statement of financial position at 31 March 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditors' Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How our audit addressed the Key Audit Matter

Revenue recognition from restaurant operations

Refer to note 7 to the consolidated financial statements and the summary of significant accounting policies in note 3 to the consolidated financial statements.

We identified revenue recognition from restaurant operations as a key audit matter as revenue recognition is quantitatively significant to the consolidated statement of profit or loss and other comprehensive income and material revenue transactions may occur close to the end of the reporting period.

Our procedures in relation to revenue recognition from restaurant operations included:

- Obtaining an understanding of the revenue recognition process for restaurant operations;
- Obtaining an understanding of the revenue business processes and key controls, and testing key manual and information technology controls for validity of revenue recognition from restaurant operations; and
- Performing test of details, on a sample basis, by comparing the details and amounts of the transactions selected with the details and amounts shown on the underlying documentation, including the journal vouchers and sales invoices.

We found that the amount and timing of the revenue recognition were supported by the available evidence.

Independent Auditors' Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in annual report, but does not include in the consolidated financial statements and our auditors' report thereon (the "Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditors' Report

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Shek Lui.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Shek Lui

Practicing Certificate Number: P05895

Hong Kong, 23 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Revenue	7	134,758	134,296
Cost of inventories sold		(48,629)	(46,900)
Gross profit		86,129	87,396
Other revenue and other income	8	1,590	1,756
Staff costs		(38,500)	(41,418)
Depreciation of property, plant and equipment		(2,887)	(2,584)
Property rentals and related expenses		(20,857)	(19,279)
Fuel and utility expenses		(4,326)	(4,439)
Administrative expenses		(27,294)	(11,856)
(Loss)/profit before tax	9	(6,145)	9,576
Income tax expenses	12	(1,912)	(1,420)
(Loss)/profit and total comprehensive (loss)/income for the year		(8,057)	8,156
(Loss)/profit and total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(8,256)	8,200
Non-controlling interests		199	(44)
		(8,057)	8,156
(Loss)/earnings per share			
Basic and diluted (HK cents)	14	(0.88)	0.91

The accompanying notes form an integral part of these consolidated financial statements. Details of dividend paid to owners of the Company are set out in note 13 to the consolidated financial statements.

Consolidated Statement of Financial Position

At 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Property, plant and equipment	15	7,356	5,883
Deferred tax assets	16	820	611
Non-current deposits and prepayment	19	3,725	3,554
		11,901	10,048
Current assets			
Inventories	17	245	205
Trade receivables	18	508	145
Deposits, prepayments and other receivables	19	5,536	6,118
Prepaid tax		611	183
Amount due from a director	20	–	540
Amount due from a shareholder	20	–	7,770
Amounts due from related companies	20	–	1,623
Amount due from ultimate holding company	20	33	–
Cash and bank balances	21	84,422	25,686
		91,355	42,270
Current liabilities			
Amounts due to non-controlling interests	20	–	1,436
Trade payables	22	2,075	2,025
Accruals and other payables	23	9,829	5,469
Tax payables		598	656
		12,502	9,586
Net current assets		78,853	32,684
Net assets		90,754	42,732

Consolidated Statement of Financial Position

At 31 March 2017

	Note	2017 HK\$'000	2016 HK\$'000
Capital and reserves			
Share capital	24	12,000	706
Reserves		78,754	42,066
Equity attributable to owners of the Company		90,754	42,772
Non-controlling interests		–	(40)
Total equity		90,754	42,732

The consolidated financial statements were approved and authorised for issued by the board of directors on 23 June 2017 and are signed on its behalf by:

Wong Wai Fong
Director

Chan Lap Ping
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to owners of the Company					Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 (note a)	Retained earnings HK\$'000	Sub-total HK\$'000		
At 1 April 2015	700	–	–	33,866	34,566	–	34,566
Profit/(loss) and total comprehensive income/(loss) for the year	–	–	–	8,200	8,200	(44)	8,156
Capital injection into a newly incorporated subsidiary	6	–	–	–	6	4	10
At 31 March 2016 and at 1 April 2016	706	–	–	42,066	42,772	(40)	42,732
(Loss)/profit and total comprehensive (loss)/income for the year	–	–	–	(8,256)	(8,256)	199	(8,057)
Capital injection into a newly incorporated subsidiary	10	–	–	–	10	–	10
Effect of reorganisation	(587)	–	591	155	159	(159)	–
Capitalisation issue (note 24)	8,871	(8,871)	–	–	–	–	–
Issue of shares by way of placing (note 24)	3,000	72,000	–	–	75,000	–	75,000
Share issuing expenses	–	(6,931)	–	–	(6,931)	–	(6,931)
Dividend paid (note 13)	–	–	–	(12,000)	(12,000)	–	(12,000)
At 31 March 2017	12,000	56,198	591	21,965	90,754	–	90,754

Note:

- (a) The merger reserve represented the difference between the nominal value of the share capital of the subsidiaries acquired as a result of the reorganisation (the "Reorganisation") as fully explained in the paragraph headed "Reorganisation" in the section headed "History and Development" of the prospectus of the Company dated 27 January 2017 (the "Prospectus") and the nominal value of the share capital of the Company issued in exchange thereof.

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 HK\$'000	2016 HK\$'000
Cash flows from operating activities		
(Loss)/profit before tax	(6,145)	9,576
Adjustments for:		
Bank interest income	(2)	(2)
Loss on written-off of property, plant and equipment	115	24
Depreciation of property, plant and equipment	2,887	2,584
Operating cash flows before movements in working capital	(3,145)	12,182
(Increase)/decrease in inventories	(40)	28
(Increase)/decrease in trade receivables	(363)	49
Increase in deposits, prepayments and other receivables	(943)	(1,649)
Increase/(decrease) in trade payables	50	(146)
Increase in accruals and other payables	4,360	721
Cash (used in)/generated from operations	(81)	11,185
Tax paid	(2,607)	(883)
Net cash (used in)/generated from operating activities	(2,688)	10,302
Cash flows from investing activities		
Interest received	2	2
Prepayment for acquisition of property, plant and equipment	–	(1,354)
Purchases of property, plant and equipment	(3,121)	(2,518)
Net cash used in investing activities	(3,119)	(3,870)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 HK\$'000	2016 HK\$'000
Cash flows from financing activities		
Proceeds from issue of shares by way of placing	75,000	–
Share issuing expenses	(6,931)	–
Capital injection into a newly incorporated subsidiary	10	10
Dividend paid	(12,000)	–
Advance to related companies	(402)	–
Repayment from related companies	2,025	–
Advance to a director	(13,633)	–
Repayment from a director	14,173	–
Advance to a shareholder	(3,347)	(12,284)
Repayment from a shareholder	11,117	5,274
Advance from non-controlling interests	–	1,436
Repayment to non-controlling interests	(1,436)	–
Advance to ultimate holding company	(33)	–
Net cash generated from/(used in) financing activities	64,543	(5,564)
Net increase in cash and cash equivalents	58,736	868
Cash and cash equivalents at the beginning of the reporting period	25,686	24,818
Cash and cash equivalents at the end of the reporting period	84,422	25,686
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	84,422	25,686

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

1. CORPORATE INFORMATION AND REORGANISATION

(a) General information

The Company is incorporated in the Cayman Islands on 8 September 2016 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its ultimate holding company is Sure Wonder Investments Limited (“Sure Wonder”), a company incorporated in the British Virgin Islands (“BVI”) and owned by Ms. Wong Wai Fong (“Ms. Wong”), Mr. Kwok Yiu Chung (“Mr. Kwok”), Mr. Tam Wai Shing (“Mr. Tam”), Ms. Yang Dongxiang (“Ms. Yang”) and Mr. Hui Chun Wah (“Mr. Hui”) (collectively referred to as the “Controlling Shareholders”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Workshop B2, 5/F, High Fashion Centre, 1–11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong.

The Company’s shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 February 2017.

The principal activity of the Company is investment holding. The principal activity of the Group is the provision of catering services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”) which is the same as the functional currency of the Company, and all values are rounded to the nearest thousands (HK\$’000), unless otherwise stated.

(b) Reorganisation

Pursuant to the reorganisation (the “Reorganisation”) as fully explained in the paragraph headed “Reorganisation” in the section headed “History and Development” of the prospectus of the Company dated 27 January 2017 (the “Prospectus”), the Company became the holding company of the companies now comprising the Group on 14 October 2016. Immediately prior to and after the Reorganisation, the companies now comprising the Group was controlled by the Controlling Shareholders. The Reorganisation is merely a reorganisation of the companies now comprising the Group with no change in management in such business and the ultimate owner of the business. Accordingly, the consolidated financial statements have been prepared on the basis by applying the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 “Meger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), as if the Reorganisation has been completed at the beginning of the reporting period.

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 include the results and cash flows of the companies now comprising the Group have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the reporting period or since their respective date of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group at 31 March 2016 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Reorganisation had been in existence as at those dates, taking into account the respective dates of incorporation.

All intra-group transactions and balances have been eliminated.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (collectively referred to as the “new and amendments to HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning from 1 April 2016. A summary of the new and amendments to HKFRSs applied by the Group is set out as follows:

HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Method of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interest in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and financial position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

HKAS 7 (Amendments)	Disclosure Initiative ¹
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses ¹
HKAS 40 (Amendments)	Investment Property ²
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle ⁵
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions ²
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
HKFRS 9	Financial Instruments ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ²

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

⁴ Effective for annual periods beginning on or after a date to be determined.

⁵ Effective for annual periods beginning on or after 1 January 2017 or 2018, as appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 which is relevant to the Group is in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company have reviewed the Group’s financial assets at 31 March 2017 and anticipate that the application of HKFRS 9 in the future may result in early recognition of credit losses based on expected loss model in relation to the Group’s financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for remeasurement of lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2017, the Group has non-cancellable operating lease commitments of approximately HK\$57,636,000 as disclosed in note 25 to the consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16 and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Except as disclosed above, the directors of the Company do not anticipated that the application of other new and amendments to HKFRSs will have material impact on the Group’s financial performance and financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and related interpretations issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosure requirements by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Basis of consolidation

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves 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 after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Merger accounting for business combination involving entities under common control

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

The net assets of the combining businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Property, plant and equipment

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

The cost of an asset 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 the property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

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

Leasehold improvement	Over shorter of the lease terms or 20%
Furniture and fixtures	20%
Catering and other equipment	20%
Motor vehicles	30%

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

(e) Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Impairment of tangible assets *(Continued)*

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

(f) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, deposits paid, other receivables, amount due from a director, amount due from a shareholder, amounts due from related companies, amount due from ultimate holding company and cash and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as financial liabilities or equity

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

Equity instruments

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

Effective interest method

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

Other financial liabilities

Other financial liabilities (including amounts due to non-controlling interests, trade payables, accruals and other payables) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial instruments *(Continued)*

Derecognition *(Continued)*

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

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out basis. Net realisable value is based on estimated selling prices less all costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(i) Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) **Taxation** *(Continued)*

Deferred tax *(Continued)*

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

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

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

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

Current and deferred tax for the year

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

(j) **Employee benefits**

Retirement benefit scheme

Payment to Mandatory Provident Fund Scheme (the "MPF Scheme") is recognised as an expense when employees have rendered service entitling them to the contributions. The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK\$30,000. The Group's contributions to the scheme are expensed as incurred and vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided, net of discounts.

- (a) from restaurants operations, when catering services have been provided to the customers.
- (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.

(l) Leases

All leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. When inflow is virtually certain, an asset is recognised.

(n) Provisions

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Provisions *(Continued)*

The amount recognised as a provision, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(o) Related parties

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

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Related parties (Continued)

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

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

(p) Segment reporting

Operating segments and the amounts of each segment item are reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of resource allocation to, and performance assessment of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 HK\$'000	2016 HK\$'000
Financial assets		
Loans and receivables		
— Trade receivables	508	145
— Deposits paid and other receivables	8,145	7,543
— Amount due from a director	—	540
— Amount due from a shareholder	—	7,770
— Amounts due from related companies	—	1,623
— Amount due from ultimate holding company	33	—
— Cash and bank balances	84,422	25,686
Financial liabilities		
Amortised cost		
— Amounts due to non-controlling interests	—	1,436
— Trade payables	2,075	2,025
— Accruals and other payables	9,829	5,469

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

4. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The Group major financial instruments include trade receivables, deposits and other receivables, amount due from a director, amount due from a shareholder, amounts due from related companies, amount due from ultimate holding company, cash and bank balances, amounts due to non-controlling interests, trade payables, accruals and other payables. Details of the financial instruments for the Group are disclosed in respective notes to the consolidated financial statements.

The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances.

The Group currently does not have interest rate hedging policy. However, the management will closely monitors its exposure to future cash flow risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

Credit risk

The Group's credit risk is primarily attributable to trade receivables and cash and bank balances. At 31 March 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

The Group deposited its cash and bank balances with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to cash and bank balances held to be delayed or limited. The management monitors the credit rating of these banks on an ongoing basis, and considers that the Group's exposure to credit risk at 31 March 2017 and 31 March 2016 were minimal.

In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group does not have any other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

4. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash and bank balances, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The liquidity risk is under continuous monitoring by the management. The management will raise bank borrowings whenever necessary.

The following table shows the details of the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date, on which the Group can be required to pay. The amounts disclosed in the table are based on the contractual undiscounted payments, are as follows:

	On demand or within one year HK\$'000	One to five years HK\$'000	Total undiscounted cash flow HK\$'000	Total carrying amounts HK\$'000
At 31 March 2017				
Non-derivative financial liabilities				
Trade payables	2,075	–	2,075	2,075
Accruals and other payables	9,829	–	9,829	9,829
	11,904	–	11,904	11,904
	On demand or within one year HK\$'000	One to five years HK\$'000	Total undiscounted cash flow HK\$'000	Total carrying amounts HK\$'000
At 31 March 2016				
Non-derivative financial liabilities				
Amounts due to non-controlling interests	1,436	–	1,436	1,436
Trade payables	2,025	–	2,025	2,025
Accruals and other payables	5,469	–	5,469	5,469
	8,930	–	8,930	8,930

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

4. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

(d) 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 amounts of dividend paid to the shareholders, return on capital to the shareholders or issue of new shares or repurchase of existing shares as well as issue of new debts or redemption of existing debts.

The Group is not subject to any externally imposed capital requirements. The Group's overall strategy remains unchanged from prior years.

The gearing ratio at the end of each reporting period were as follows:

	2017 HK\$'000	2016 HK\$'000
Total debts (<i>note</i>)	–	1,436
Less: Cash and bank balances	(84,422)	(25,686)
Net cash	(84,422)	(24,250)
Equity attributable to owners of the Company	90,754	42,772
Total debts to equity ratio	N/A	3.4%

Note: Total debts represent the amounts due to non-controlling interests in note 20 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The followings are 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.

Impairment of trade receivables

The Group's management determines the provision for impairment of trade receivables based on an assessment of the recoverability of trade receivables. This assessment is based on the credit history of its debtors and the current market condition, and requires the use of judgements and estimates. Provisions are applied where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables and the provision for impairment losses in the period in which such estimate has been changed. The directors of the Company reassess the provision at the end of each reporting period.

Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

Assessment of economic useful lives of fixed assets

Fixed assets are depreciated over their economic useful lives. The assessment of estimated useful lives is a matter of judgement based on the experience of the Group, taking into account factors such as technological progress, changes in market demand, expected usage and physical wear and tear. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variations in their carrying amounts.

6. SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through a chain of hotpot specialty restaurants in Hong Kong. Information reported to the Group's management for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no additional reportable segment and geographical information have been presented.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

7. REVENUE

	2017 HK\$'000	2016 HK\$'000
Restaurants operations	134,758	134,296

8. OTHER REVENUE AND OTHER INCOME

	2017 HK\$'000	2016 HK\$'000
Promotion income	900	900
Bank interest income	2	2
Tips income	338	427
Others	350	427
	1,590	1,756

9. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging:

	2017 HK\$'000	2016 HK\$'000
Auditors' remuneration (<i>note</i>):		
— audit services		
• HLB Hodgson Impey Cheng Limited	800	–
• other auditors	67	277
— non-audit services	124	–
	991	277
Cost of inventories sold	48,629	46,900
Depreciation of property, plant and equipment	2,887	2,584
Loss on written-off of property, plant and equipment	115	24
Listing expenses	14,872	–
Minimum lease payments under operating lease in respect of restaurants and office premises	19,074	17,805
Employee benefit expenses (excluding directors' and chief executive's remuneration (<i>note 10</i>)):		
— Salaries, allowances, bonuses and benefits in kind	33,670	35,093
— Staff benefits	416	540
— Retirement benefit scheme contributions	1,516	1,557
	35,602	37,190

Note: Exclude services for the listing of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of directors and chief executive were set out below:

	For the year ended 31 March 2017			
	Directors' fees HK\$'000	Salaries, allowances, bonuses and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors:				
Ms. Wong	–	630	22	652
Mr. Chan Lap Ping	–	1,156	27	1,183
Independent non-executive directors:				
Mr. Law Yui Lun	23	–	–	23
Mr. Chan Hoi Kuen Matthew	23	–	–	23
Mr. Chung Wing Yin	23	–	–	23
Chief executive:				
Mr. Kwok	–	956	38	994
	69	2,742	87	2,898

	For the year ended 31 March 2016			
	Directors' fees HK\$'000	Salaries, allowances, bonuses and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors:				
Ms. Wong	–	780	24	804
Mr. Chan Lap Ping	–	1,545	37	1,582
Chief executive:				
Mr. Kwok	–	1,771	71	1,842
	–	4,096	132	4,228

No emoluments were paid by the Group to the directors and chief executive as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2017 and 2016. None of the directors or chief executive has waived or agreed to waive any emoluments during the years ended 31 March 2017 and 2016.

No remuneration was paid to the independent non-executive directors during the year ended 31 March 2016 as the independent non-executive directors have not been appointed during the year ended 31 March 2016.

No share options were granted to the directors and chief executives of the Group during the years ended 31 March 2017 and 31 March 2016.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

Directors' interests in transactions, arrangements and contracts of significance

Pursuant to the rental agreement dated 19 September 2016 made between Smart Elegant Enterprises Limited ("Smart Elegant") and Most Will Limited ("Most Will"), a wholly-owned subsidiary of the Company, Most Will is entitled to occupied the premises for the period from 1 September 2016 to 31 August 2019 in accordance with the terms of the agreement. Ms. Wong, a director of the Company, is interested in this transaction to the extent that Ms. Wong has equity interests and is a director in Smart Elegant. During the year ended 31 March 2017, the rental expenses paid by the Group was HK\$2,400,000 (2016: HK\$2,400,000).

The Group has entered into transaction with United Strategy Limited ("United Strategy"), in which Ms. Wong, a director of the Company, are interested in this transaction to the extent that, Ms. Wong is a director and one of the shareholders of United Strategy. During the year ended 31 March 2017, management fee paid by the Group was HK\$53,000 (2016: HK\$175,000).

Other than disclosed above, no other significant transactions, arrangements and contracts of significance to which the Company, its ultimate holding company or any subsidiaries of its ultimate holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals during the year included 2 (2016: 2) directors of the Company, whose emoluments are disclosed in note 10 above. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2017 HK\$'000	2016 HK\$'000
Salaries, allowances, bonuses and benefits in kind	2,011	3,051
Retirement benefit scheme contributions	74	112
	2,085	3,163

The above individuals with the highest emoluments include 1 (2016: 1) senior management as disclosed in the section headed "Directors and Senior Management" for both year.

The above individuals with the highest emoluments are within the following bands:

	2017	2016
Nil to HK\$1,000,000	3	2
HK\$1,000,001 to HK\$2,000,000	–	1

During the years ended 31 March 2017 and 31 March 2016, no emolument were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

12. INCOME TAX EXPENSES

	2017 HK\$'000	2016 HK\$'000
Current tax — Hong Kong Profits Tax		
Charge for the year	2,117	1,937
Under provision in prior years	4	–
Deferred tax credit (<i>note 16</i>)	(209)	(517)
	1,912	1,420

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

	2017 HK\$'000	2016 HK\$'000
(Loss)/profit before tax	(6,145)	9,576
Tax at Hong Kong Profits Tax rate of 16.5%	(1,014)	1,580
Tax effect of:		
Expenses not deductible for tax purpose	2,642	–
Income not taxable for tax purpose	(11)	–
Under provision in prior years	4	–
Estimated tax losses not recognised	427	15
Tax reduction	(136)	(175)
Income tax expenses	1,912	1,420

13. DIVIDEND

Prior to the Reorganisation, the Company's subsidiaries had declared and paid dividend to the shareholders during the reporting period as follows:

	2017 HK\$'000	2016 HK\$'000
Interim dividend	12,000	–

The interim dividend of HK\$12,000,000 was paid in October 2016.

No final dividend has been paid or proposed by the Company since its incorporation. The board does not recommend the payment of final dividend for the year ended 31 March 2017.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

14. (LOSS)/EARNINGS PER SHARE

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

	2017 HK\$'000	2016 HK\$'000
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share (loss)/profit for the year attributable to owners of the Company	(8,256)	8,200
	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	936,986	900,000

The calculation of basic (loss)/earnings per share for the years ended 31 March 2017 and 2016 is based on the (loss)/profit for the year attributable to the owners of the Company and the weighted average number of shares for the reporting period.

For the year ended 31 March 2017, the weighted average number of ordinary shares for the purpose of calculating basic loss per share have been adjusted for the effect of placing completed on 15 February 2017.

For the year ended 31 March 2016, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share is calculated based on the assumption that 900,000,000 ordinary shares had been in issue, comprising 12,907,340 ordinary shares in issue and 887,092,660 ordinary shares to be issued pursuant to the capitalisation issue as detailed in the sub-section headed "Share Capital" set out in the Prospectus as if the shares had been outstanding throughout the period.

Diluted (loss)/earnings per share were same as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares in issue.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK\$'000	Furniture and fixtures HK\$'000	Catering and other equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 April 2015	7,542	3,254	5,241	378	16,415
Additions	1,835	245	438	–	2,518
Written-off	–	(298)	(229)	–	(527)
At 31 March 2016 and at 1 April 2016	9,377	3,201	5,450	378	18,406
Additions	2,703	412	1,360	–	4,475
Written-off	(1,161)	(27)	(509)	–	(1,697)
At 31 March 2017	10,919	3,586	6,301	378	21,184
Accumulated depreciation and impairment					
At 1 April 2015	2,953	3,211	4,193	85	10,442
Charge for the year	1,927	70	474	113	2,584
Written-off	–	(298)	(205)	–	(503)
At 31 March 2016 and at 1 April 2016	4,880	2,983	4,462	198	12,523
Charge for the year	2,126	125	523	113	2,887
Written-off	(1,133)	(19)	(430)	–	(1,582)
At 31 March 2017	5,873	3,089	4,555	311	13,828
Carrying amounts					
At 31 March 2017	5,046	497	1,746	67	7,356
At 31 March 2016	4,497	218	988	180	5,883

During the year ended 31 March 2017, additions of leasehold improvement with amount of approximately HK\$1,354,000 was settled by prepayment recognised at 31 March 2016.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

16. DEFERRED TAX ASSETS

The following is the deferred tax assets recognised and movements thereon:

	Tax losses HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 April 2015	66	28	94
Credit to profit or loss (note 12)	288	229	517
At 31 March 2016 and at 1 April 2016	354	257	611
Credit to profit or loss (note 12)	208	1	209
At 31 March 2017	562	258	820

The Group has unused estimated tax losses of approximately HK\$6,145,000 (2016: HK\$2,296,000) available for offset against future profits. No deferred tax asset has been recognised in respect of unused estimated tax losses of approximately HK\$2,739,000 (2016: HK\$151,000) due to the unpredictability of future profit streams and unrecognised tax losses could be carried forward indefinitely.

17. INVENTORIES

	2017 HK\$'000	2016 HK\$'000
Food and beverage, and other operating items for restaurants operations	245	205

Inventories are expected to be recovered within one year and were carried at net realisable value.

18. TRADE RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Trade receivables	508	145

There was no credit period granted to individual customer for the restaurant operation. The Group's trading terms with its customers are mainly by cash and credit card settlement. The settlement terms of credit card companies are usually within 7 days after the service rendered date.

The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. The Group does not hold any collateral or other credit enhancement over its trade receivables balances.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

18. TRADE RECEIVABLES (Continued)

The following is an aging analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	2017 HK\$'000	2016 HK\$'000
0–30 days	508	145

Trade receivables are neither past due nor impaired, with good credit quality and have no default of payment in the past.

19. NON-CURRENT AND CURRENT DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Non-current portion

	2017 HK\$'000	2016 HK\$'000
Rental deposit	3,725	2,200
Prepayment for acquisition of property, plant and equipment	–	1,354
	3,725	3,554

Current portion

	2017 HK\$'000	2016 HK\$'000
Rental deposit	2,359	2,654
Utility and other deposits	1,504	1,605
Prepayments	1,116	775
Other receivables	557	1,084
	5,536	6,118

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

20. AMOUNTS DUE FROM/(TO) A DIRECTOR/A SHAREHOLDER/RELATED COMPANIES/ ULTIMATE HOLDING COMPANY/NON-CONTROLLING INTERESTS

Particular of the amount due from a director is as follow:

	2017 HK\$'000	2016 HK\$'000
Amount due from a director		
Ms. Wong	–	540

Particular of the amount due from a shareholder is as follow:

	2017 HK\$'000	2016 HK\$'000
Amount due from a shareholder		
Mr. Kwok (<i>note (i)</i>)	–	7,770

Particulars of the amounts due from related companies are as follows:

	2017 HK\$'000	2016 HK\$'000
Amounts due from related companies		
United Strategy (<i>note (ii)</i>)	–	475
Smart Elegant (<i>note (iii)</i>)	–	1,148
	–	1,623

Particular of the amount due from ultimate holding company is as follow:

	2017 HK\$'000	2016 HK\$'000
Amount due from ultimate holding company		
Sure Wonder	33	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

20. AMOUNTS DUE FROM/(TO) A DIRECTOR/A SHAREHOLDER/RELATED COMPANIES/ ULTIMATE HOLDING COMPANY/NON-CONTROLLING INTERESTS *(Continued)*

The maximum amounts due from a director, a shareholder, related companies and ultimate holding company during the reporting period are as follow:

	2017 HK\$'000	2016 HK\$'000
Amount due from a director		
Ms. Wong	14,173	540
Amount due from a shareholder		
Mr. Kwok	10,774	8,179
Amounts due from related companies		
United Strategy	475	475
Smart Elegant	1,550	1,148
Amount due from ultimate holding company		
Sure Wonder	33	–

Notes:

- (i) Mr. Kwok is a shareholder of Sure Wonder, the ultimate holding company of the Company, and a close family member of Ms. Wong, the director of the Company.
- (ii) United Strategy is owned by Ms. Wong and Mr. Kwok.
- (iii) Smart Elegant is owned by Ms. Wong, Ms. Yang, Mr. Hui and close family member of Mr. Tam.

The amounts due from/(to) a director/a shareholder/related companies/ultimate holding company/non-controlling interests are non-trade nature, unsecured, interest-free and repayable on demand.

21. CASH AND BANK BALANCES

	2017 HK\$'000	2016 HK\$'000
Cash and bank balances	84,422	25,686

Banks balances carry interest at floating rates and placed with creditworthy banks with no recent history of default.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

22. TRADE PAYABLES

The following is aging analysis of trade payable presented based on the invoice dates:

	2017 HK\$'000	2016 HK\$'000
0–30 days	2,075	2,025

The average credit period granted by suppliers are usually within 30 days.

23. ACCRUALS AND OTHER PAYABLES

	2017 HK\$'000	2016 HK\$'000
Accruals	9,167	4,907
Other payables	662	562
	9,829	5,469

Accruals mainly comprise with accrued listing fee, staff costs, utilities expenses and other expenses for auxiliary services.

24. SHARE CAPITAL

	No. of shares '000	Amount HK\$'000
Authorised		
Ordinary shares of HK\$0.01 each		
At the date of incorporation	38,000	380
Increase in authorised share capital (<i>note i</i>)	1,962,000	19,620
At 31 March 2017	2,000,000	20,000
Issued and fully paid		
At the date of incorporation	–	–
Issue of shares upon Reorganisation (<i>note ii</i>)	12,907	129
Capitalisation issue (<i>note iii</i>)	887,093	8,871
Issue of shares by way of placing (<i>note iv</i>)	300,000	3,000
At 31 March 2017	1,200,000	12,000

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

24. SHARE CAPITAL (Continued)

Notes:

- (i) On 20 January 2017, the authorised share capital of the Company was increased to HK\$20,000,000 by the creation of an additional of 1,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.
- (ii) On 14 October 2016, Ms. Wong transferred 1 share to Sure Wonder at par. And on the same date, the Company issued and allotted an aggregate of 12,907,339 shares for the Reorganisation.
- (iii) Pursuant to the resolutions of shareholders passed on 20 January 2017, the directors of the Company are authorised to issue and allot a total of 887,092,660 Shares credited as fully paid at par to Sure Wonder and Mr. Chin Ka Wah, being the shareholders at 20 January 2017 in proportion to their shareholdings by way of capitalisation of the sum of HK\$8,870,927 standing to the credit of the share premium account of the Company (the "Capitalisation Issue").
- (iv) On 15 February 2017, the Company issued and allotted 300,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.25 per share by way of placing for a total gross proceeds of HK\$75,000,000. The proceeds were proposed to be used to finance the implementation plan as set forth in the section headed "Future Plans and Use of Proceeds" of the Prospectus.
- (v) For the purpose of the presentation of the consolidated statement of financial position, the balance of the share capital at 31 March 2016 represents the aggregate amount of capital of the companies comprising the Group.

25. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

The Group leases certain restaurants and office premises under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to seven years. At the end of reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 HK\$'000	2016 HK\$'000
Within one year	20,903	13,622
In the second to fifth years, inclusive	33,986	13,906
Over five years	2,747	5,548
	57,636	33,076

The Group does not have an option to purchase the leased premises at the expiry of the lease period.

(b) Capital commitments

The Group had the following outstanding commitments at the end of the reporting periods:

	2017 HK\$'000	2016 HK\$'000
Authorised and contracted, but not provided for:		
— Acquisition of property, plant and equipment	—	601

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

26. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	2017 HK\$'000
Non-current asset	
Investment in a subsidiary	–
Current assets	
Other receivables	64
Amount due from a subsidiary	129
Cash and bank balances	66,108
	66,301
Current liabilities	
Amounts due to subsidiaries	9,059
Accruals and other payables	4,844
Net current assets	13,903
Net assets	52,398
Capital and reserve	
Share capital	12,000
Reserve	40,398
Total equity	52,398

On behalf of board of directors:

Wong Wai Fong
Director

Chan Lap Ping
Director

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

26. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY (Continued)

(b) Movement of reserve of the Company

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At the date of incorporation	–	–	–
Loss and total comprehensive loss for the period	–	(15,800)	(15,800)
Capitalisation issue	(8,871)	–	(8,871)
Issue of shares by way of placing	72,000	–	72,000
Share issuing expenses	(6,931)	–	(6,931)
At 31 March 2017	56,198	(15,800)	40,398

27. MATERIAL RELATED PARTY TRANSACTIONS

- (a) Save as disclosed elsewhere in the consolidated financial statements, during the year, the Group entered into the following material transactions with related parties:

	2017 HK\$'000	2016 HK\$'000
Management fee paid to a related company: — United Strategy	53	175
Rental expenses paid to a related company: — Smart Elegant	2,400	2,400

- (b) Compensation of key management personnel of the Group, including directors' and chief executive remuneration as disclosed in note 10 to the consolidated financial statements, is as follows:

	2017 HK\$'000	2016 HK\$'000
Salaries, allowances, bonuses and benefit in kind	3,677	4,866
Retirement benefit scheme contributions	119	166
	3,796	5,032

- (c) Details of the balances with related parties at the end of the reporting period are set out in note 20 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

28. PARTICULARS OF SUBSIDIARIES

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

Name of subsidiary	Place/country of incorporation/ operation	Class of share	Issued and fully paid share capital	Proportion of nominal value of paid up and issued capital held by the Company		Principal activities
				2017 %	2016 %	
Country Way Corporation Limited	Hong Kong	Ordinary	HK\$100	100	100	Provision of management consultancy services
Full Field Management Limited ("Full Field")	Hong Kong	Ordinary	HK\$10,000	100	60	Provision of catering services
Grand York Development Limited	Hong Kong	Ordinary	HK\$1	100	100	Provision of catering services
Harvest Wealth Enterprises Limited	Hong Kong	Ordinary	HK\$1	100	100	Provision of catering services
Honour Star Enterprises Limited	Hong Kong	Ordinary	HK\$1	100	100	Provision of catering services
Jetech Consultants Limited	Hong Kong	Ordinary	HK\$2	100	100	Provision of catering services
Landshine Inc Limited	Hong Kong	Ordinary	HK\$10,000	100	–	Provision of catering services
Moly Power Limited	Hong Kong	Ordinary	HK\$1	100	100	Provision of catering services
Most Will	Hong Kong	Ordinary	HK\$640,000	100	100	Provision of catering services
Smart Sino Enterprises Limited	Hong Kong	Ordinary	HK\$1	100	100	Provision of catering services
Smart Sky Enterprises Limited	Hong Kong	Ordinary	HK\$1	100	100	Provision of catering services
Sunny Days Corporation Limited	Hong Kong	Ordinary	HK\$1	100	100	Sales of food products

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For the year ended 31 March 2017

28. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Place/country of incorporation/ operation	Class of share	Issued and fully paid share capital	Proportion of nominal value of paid up and issued capital held by the Company		Principal activities
				2017 %	2016 %	
Sunny Galaxy Limited	Hong Kong	Ordinary	HK\$2	100	100	Provision of catering services
Sunny Shadow Limited	Hong Kong	Ordinary	HK\$1	100	100	Provision of catering services
Sure Gain Global Limited ("Sure Gain")	BVI	Ordinary	US\$1	100	-	Investment holding

Except Sure Gain is directly held by the Company, all other subsidiaries are indirectly held by the Company.

None of the subsidiaries had debt securities outstanding at the end of the reporting period or at any time during the year.

The directors of the Company consider that the non-controlling interests of Full Field during the year ended 31 March 2016 were insignificant to the Group and thus are not separately presented in these consolidated financial statements. In addition, no separate financial information of this non-wholly owned subsidiary is required to be presented.

29. RETIREMENT BENEFITS SCHEME

The Group operates the MPF Scheme under rules and regulations of the Mandatory Provident Fund Schemes Ordinance for all its employees employed in Hong Kong. All employees of the Group in Hong Kong are required to join the MPF Scheme. The Group has chosen to follow the minimum statutory contribution requirement of 5% of eligible employees' monthly relevant income but limited to the mandatory cap of HK\$30,000. The contributions are charged to profit or loss as incurred. The assets of the MPF Scheme are held separately from those of the Group in an independently administrative fund.

30. EVENTS AFTER THE REPORTING PERIOD

There was no significant event took place subsequent to the end of the reporting period.

31. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issued by the board of directors on 23 June 2017.

Summary of Financial Information

A summary of the published results and of the assets and liabilities of the Group pursuant to Rule 18.33 of the GEM Listing Rules, as extracted from the published prospectus of the Company, is set out below:

	Years ended 31 March		
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000
Results			
Revenue	134,758	134,296	130,784
(Loss)/profit before tax	(6,145)	9,576	9,641
Income tax expenses	(1,912)	(1,420)	(1,464)
(Loss)/profit and total comprehensive (loss)/income for the year	(8,057)	8,156	8,177
(Loss)/profit and total comprehensive (loss)/income for the year attributable to:			
Owners of the Company	(8,256)	8,200	8,177
Non-controlling interests	199	(44)	–
	(8,057)	8,156	8,177
	At 31 March		
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000
Total assets	103,256	52,318	41,584
Total liabilities	(12,502)	(9,586)	(7,018)
Net assets	90,754	42,732	34,566
Equity attributable to owners of the Company	90,754	42,772	34,566
Non-controlling interests	–	(40)	–
Total equity	90,754	42,732	34,566

Note: No consolidated financial statements of the Group for the years ended 31 March 2014 and 2013 have been published.