皇璽餐飲
集團控股有限公司

ROYAL CATERING
Group Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8300

2016-17
ANNUAL REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

CONTENTS

Royal Catering Group Holdings Company Limited
Annual Report 2016-17

	Pages
Corporate Information	2
Chairman's Statement	3
Financial Highlights	5
Management Discussion and Analysis	6
Biographical Details of Directors and Senior Management	17
Corporate Governance Report	20
Report of Directors	29
Independent Auditors' Report	39
Consolidated Statement of Profit or Loss and Other Comprehensive Income	43
Consolidated Statement of Financial Position	44
Consolidated Statement of Changes in Equity	46
Consolidated Statement of Cash Flows	47
Notes to the Consolidated Financial Statements	49
Financial Summary	106

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Man Wai *(Chairman and Chief Executive Officer)*
Mr. Chan Chak To Raymond
Ms. Lam Wai Kwan

Independent non-executive Directors

Mr. Ma Yiu Ho Peter
Mr. Cheng Wing Hong
Mr. Cai Chun Fai

COMPLIANCE OFFICER

Mr. Wong Man Wai

AUTHORISED REPRESENTATIVES

Mr. Wong Man Wai
Mr. Ng Shing Kin

COMPANY SECRETARY

Mr. Ng Shing Kin *(HKICPA)*

AUDIT COMMITTEE MEMBERS

Mr. Ma Yiu Ho Peter *(Chairman)*
Mr. Cheng Wing Hong
Mr. Cai Chun Fai

REMUNERATION COMMITTEE MEMBERS

Mr. Cheng Wing Hong *(Chairman)*
Mr. Wong Man Wai
Mr. Cai Chun Fai

NOMINATION COMMITTEE MEMBERS

Mr. Wong Man Wai *(Chairman)*
Mr. Cheng Wing Hong
Mr. Cai Chun Fai

INVESTMENT COMMITTEE MEMBERS

Mr. Wong Man Wai *(Chairman)*
Ms. Lam Wai Kwan
Mr. Ng Shing Kin

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

LEGAL ADVISER TO THE COMPANY

CFN Lawyers

COMPLIANCE ADVISER

RaffAello Capital Limited

PRINCIPAL BANKERS

Chong Hing Bank Limited
Ground Floor, Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong

Nanyang Commercial Bank, Ltd.
151 Des Voeux Road Central, Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1207, 12th Floor
Wing On Kowloon Centre
No. 345 Nathan Road
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102, Cayman Islands

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.hkrcg.com

GEM STOCK CODE

8300

Dear Shareholders,

I am pleased to announce the Group's first annual results after its successful listing on the Stock Exchange (the "**Listing**") on 8 August 2016 (the "**Listing Date**"). The Company takes the leading position in operating restaurants at the Hong Kong International Airport ("**HKIA**").

We are a food and beverage group in Hong Kong operating casual dining restaurants under a portfolio brands. We launched our first restaurant under the brand "*Taiwan Beef Noodle (台灣牛肉麵)*" in Kowloon City in 1993, serving mainly Taiwanese delicacies to the local community. Eyeing the development potential of the catering business at the HKIA, we submitted our first tender proposal to the Airport Authority in 2004 and were awarded a license to operate our first restaurant at the HKIA under the brand name "*Taiwan Beef Noodle (台灣牛肉麵)*" in 2005. Since then, we have been expanding our restaurant network at the HKIA through our multi-brand business strategy. Presently, we are operating four restaurants and one takeaway kiosk at HKIA as well as one restaurant in the urban area of Hong Kong. We believe our multi-brand strategy enables us to target customers with different tastes and preference, allowing us to benefit from the diversification of revenue sources.

Apart from operating our own restaurants, we have also franchised our brands "*Taiwan Beef Noodle (台灣牛肉麵)*" and "*Chinese Kitchen (中國廚房)*" to our business partner for operating one restaurant located at Tsim Sha Tsui, Kowloon. Furthermore, we are currently providing catering management and consultancy services to the restaurants under the brand "*Star Kitchen (左麟右李粥麵小菜專門店)*" which offers a range of traditional Cantonese delicacies in Hong Kong, the People's Republic of China (the "**PRC**") and Kuala Lumpar.

In September 2016, we launched a new product — mooncakes, taking pride in its traditional baking techniques and all of the mooncakes were made locally. Shortly after the year under review, in May 2017, we entered into a shareholders agreement to subscribe for 60% of equity shares of Du Hsiao Yueh (Hong Kong) Company Limited ("**DHY(HK)**") and DHY(HK) entered into a management agreement, pursuant to which it was granted the sole and exclusive rights, license and franchise of the famous Taiwan catering brand "*Du Hsiao Yueh (度小月)*" to establish, manage, run and operate the various restaurants and food outlets in Hong Kong. The first *Du Hsiao Yueh (度小月)* restaurant commenced business in Tsim Sha Tsui in June 2017. We expected to open ten *Du Hsiao Yueh (度小月)* restaurants in Hong Kong within six years.

CHAIRMAN'S STATEMENT

Looking forward, the Company aims to further strengthen its leading position in operating restaurants at the HKIA while keep looking for suitable opportunities to extend our business in the urban area of Hong Kong, as well as tap into the casual dining market in the PRC. We currently plan to open new franchised restaurant under third party's brand through franchising or other cooperation arrangements and new restaurant under our self-owned brand at the HKIA for the year ending 2018. Apart from our expansion at the HKIA, to diversify our business risks, we have strategically looking for suitable locations to open new restaurants in the urban area of Hong Kong. We intend to open new restaurants under our self-owned brand "*Taiwan Beef Noodle (台灣牛肉麵)*" for the year ending 31 March 2018 in districts with high pedestrian traffic. Also, with our long history of development in the catering industry in Hong Kong and the experience and expertise which we have accumulated throughout the years, we intend to progressively expand into the PRC casual dining market. We plan to pursue a growth strategy by opening two restaurants under our self-owned brand name "*Taiwan Beef Noodle (台灣牛肉麵)*" for the year ending 31 March 2018 in the first-tier cities such as Guangzhou and Shanghai in the PRC which we consider having strong market potential. We are committed to continuing to enhance our comparable restaurants sales growth and profitability in the future.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our valued customers, business partners, and shareholders for their persistent support, and express my appreciation to the management team and employees for their valuable contribution to the development of the Group. Finally, I would like to express my sincere appreciation to the officers of Hong Kong Stock Exchange for their guidance.

Wong Man Wai
Chairman

Hong Kong, 30 June 2017

CONSOLIDATED RESULTS

	2017 HK$'000	2016 HK$'000
Revenue	**90,606**	125,502
(Loss)/profit before tax	**(14,154)**	15,295
(Loss)/profit and total comprehensive (loss)/income for the year attributable to owners of the Company	**(14,845)**	12,619

ASSETS AND LIABILITIES

	2017 HK$'000	2016 HK$'000
Assets		
Non-current assets	**10,352**	7,445
Current assets	**100,374**	25,082
Total assets	**110,726**	32,527
Equity and liabilities		
Total equity	**95,498**	15,155
Non-current liability	**926**	–
Current liabilities	**14,302**	17,372
Total liabilities	**15,228**	17,372
Total equity and liabilities	**110,726**	32,527
Net current assets	**86,072**	7,710
Total assets less current liabilities	**96,424**	15,155

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Economic growth in Hong Kong

Year 2016 is the dark year for Hong Kong's retail sector, including the catering business, which suffered from the deceleration of growth in China's economy, devaluation of Renminbi ("**RMB**") and the conflicts between Hong Kong locals and mainland PRC travelers.

Encouraging figures have appeared in the first quarter of 2017. According to the Census and Statistics Department of Hong Kong, Hong Kong's economy expanded by 4.3% in real terms in the first quarter of 2017, compared with the 3.2% increase in the fourth quarter of 2016. According to the latest report in May 2017 from Knight Frank, a world's leading independent property agency, Hong Kong's retail sales rebounded 3.1% year on year in March 2017, with all categories except "consumer durable goods" recording upward movement. It indicated that Hong Kong's retail market could achieve a new growth in the short term.

BUSINESS REVIEW

For the year ended 31 March 2017, the Group had successfully renewed the license agreement of a Group's restaurant — "*Chinese Kitchen (中國廚房)*" with Hong Kong International Airport (the "**HKIA**"). As at 31 March 2017, the Group operated four restaurants and one takeaway kiosk at HKIA as well as one restaurant in the urban area of Hong Kong. Apart from operating our own restaurants, we have also franchised our brands "*Taiwan Beef Noodle (台灣牛肉麵)*" and "*Chinese Kitchen (中國廚房)*" to our business partner for operating one restaurant located at Tsim Sha Tsui, Kowloon.

In September 2016, the Group launched a new product — mooncakes, taking pride in its traditional baking techniques and all of the mooncakes were made locally. In May 2017, the Group entered into the shareholders agreement to subscribe 60% of equity shares of DHY(HK), which was granted the sole and exclusive rights, license and franchise of the famous Taiwan catering brand "*Du Hsiao Yueh (度小月)*" to establish, manage, run and operate the various restaurants and food outlets in Hong Kong. The first *Du Hsiao Yueh (度小月)* restaurant commenced business in Tsim Sha Tsui in June 2017.

Our strategic objective is to continue to strengthen our leading position in operating restaurants at the HKIA while keep looking for suitable opportunities to extend our business in the urban area of Hong Kong, as well as tap into the casual dining market in the PRC. As disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus dated 1 August 2016 of the Company (the "**Prospectus**"), the Group's objective is to open a total of six new restaurants across Hong Kong and the PRC in the near future.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 27.8% from approximately HK$125.5 million for the year ended 31 March 2016 to approximately HK$90.6 million for the year ended 31 March 2017. The drop in revenue in comparison is due to the disposal of Sunny Echo Limited, a former subsidiary of the Group, on 30 October 2015, which no longer contributed any revenue to the Group during the year under review, and the temporary cessation of the operation of a takeaway kiosk and a restaurant of the Group at the HKIA in July 2016 and November 2016 respectively.

Cost of inventories sold

Cost of inventories sold primarily consists of the cost of all the food and beverages used in restaurant operations. For the years ended 31 March 2016 and 2017, the cost of materials consumed amounted to approximately HK$27.3 million and HK$17.2 million respectively, representing a drop of approximately 37.0% in comparison. Such decrease was mainly due to the disposal of Sunny Echo Limited in October 2015 and whose financial results were no longer consolidated into that of the Group during the year under review.

Gross profit and gross profit margin

The Group's gross profit, which equals to the revenue minus cost of inventories sold, for the year ended 31 March 2017 was approximately HK$73.4 million, representing a drop of approximately 25.3% from approximately HK$98.2 million for the year ended 31 March 2016. The decline in gross profit in comparison was mainly due to the disposal of Sunny Echo Limited in October 2015 which no longer contributed any revenue to the Group during the year under review, and temporary cessation of the operation of takeaway kiosk and a restaurant of the Group at the HKIA during July 2016 and November 2016 respectively.

The gross profit margin has improved to approximately 81.0% (for the year ended 31 March 2016: approximately 78.2%). This was mainly due to the disposal of Sunny Echo Limited, which had a relatively lower gross profit margin, in October 2015.

The gross profit margin for the Group's restaurants operating at the HKIA were approximately 82.0% and 81.8% for the years ended 31 March 2016 and 2017 respectively. The gross profit margin for the Group's restaurants operating in the urban area of Hong Kong were approximately 65.7% and 71.8% for the year ended 31 March 2016 and 2017 respectively.

The relatively higher gross profit margin recorded at the restaurants operating at the HKIA during the years ended 31 March 2016 and 2017 was attributable to the centralisation of purchases in bulk orders and with discounts through the Group's centralised warehouse at Tsing Yi, Hong Kong. Leveraging on the concentrated pedestrian traffic and generally quick dining manner of the travellers, the Group's restaurants at the HKIA recorded a higher seat turnover rate which enabled the Group to maximise the utilisation of food ingredients and reduce wastages.

Further, the Group's restaurants and takeaway kiosk operating at the HKIA sold more beverage items than the Group's restaurants in the urban area of Hong Kong. Apart from that, the menu items are not entirely the same at the Group's restaurants operating under the same brands "*Taiwan Beef Noodle (台灣牛肉麵)*" and "*Chinese Kitchen (中國廚房)*" at the HKIA and in the urban area of Hong Kong. The Group offers seafood in the urban area of Hong Kong which targets the tourists and mass market customers, while we generally offer simple food items to cater to the needs of the travelers who look for casual dining in a quick and convenient manner at the HKIA. We consider that the sales of beverage generally have higher gross profit margin while the sales of seafood generally have lower gross profit margin, and these lead to the generally higher gross profit margin of the Group's restaurants and takeaway kiosk at the HKIA.

Other revenue and other income

During the two years ended 31 March 2016 and 2017, the Group's other revenue and other income mainly comprised of interest income, management fee income, reversal of impairment loss recognised in respect of amount due from an associate, tips income and net foreign exchange gain.

	For the year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Interest income	**202**	2
Management fee income	**408**	408
Reversal of impairment loss recognised in respect of amount due from an associate	**–**	2,400
Sundry income	**540**	120
Tips income	**529**	655
Net foreign exchange gain	**820**	736
	2,499	4,321

The other revenue and other income decreased from approximately HK$4.3 million for the year ended 31 March 2016 to approximately HK$2.5 million for the year ended 31 March 2017, representing a decrease of approximately 41.9%, which was mainly resulting from the absence of an one-off income from reversal of impairment loss recognised in respect of amount due from an associate recognised during the year ended 31 March 2016.

Staff costs

Staff costs primarily consist of salaries, wages and allowances, pension costs and other employee benefits. The staff costs decreased from approximately HK$36.4 million for the year ended 31 March 2016 to approximately HK$31.1 million for the year ended ended 31 March 2017, representing a decrease of approximately 14.6% in comparison. Such decrease was mainly due to the disposal of Sunny Echo Limited in October 2015.

Due to changes in local labour laws and the general increase in labour costs in Hong Kong, the salary level of employees in the catering industry in Hong Kong has generally increased in recent years. The Directors expect the staff costs to continue to increase as inflationary pressures in Hong Kong continue to drive up wages and as a result of the expected expansion of its business.

The Directors believe that the resulting upward pressure on the total staff costs as a percentage of total revenue could be mitigated by (i) prioritising internal transfers and re-allocations of employees from existing restaurants; (ii) increasing productivity of the staff by providing training; and (iii) minimising attrition levels by continuing to implement various employee retention initiatives to promote employee loyalty and motivate the employees.

Depreciation

The Group recorded depreciation of approximately HK$3.2 million and HK$2.4 million for the years ended 31 March 2016 and 2017, respectively for its leasehold improvements, furniture and fixtures, catering and other equipment and motor vehicles. The decrease of depreciation for the year ended 31 March 2017 as compared to that of the year ended 31 March 2016 was mainly due to the disposal of Sunny Echo Limited in October 2015.

Property rentals and related expenses

The property, rentals and related expenses for the year ended 31 March 2017 amounted to approximately HK$31.0 million, representing a decrease of approximately 3.1% as compared with that of the year ended 31 March 2016 with amounted to approximately HK$32.0 million. Such decrease was mainly due to the disposal of Sunny Echo Limited in October 2015.

As the Group intends to continue to open new restaurants and expand the restaurant network, the Directors expect the property rentals and related expenses to increase generally in the future. Besides, the Director will continue to look for better control in the property, rental and related expenses, such as entering into long-term rental agreements so as to maintain the rentals at a reasonable level.

Fuel and utility expenses

Fuel and utility expenses primarily consist of fuel expenses, electricity expenses and water supplies of the Group. For the year ended 31 March 2016 and 2017, the total fuel and utility amounted to approximately HK$5.1 million and HK$3.7 million, respectively. Such decrease was mainly due to the disposal of Sunny Echo Limited in October 2015.

Administrative expenses

The administrative expenses represent mainly expenses incurred for our operations, including cleaning expenses, consumables stores, transportation and travelling, credit card commission, entertainment, repair and maintenance, insurance, legal and professional fee and marketing and promotion expenses.

Administrative expenses increased from approximately HK$19.5 million for the year ended 31 March 2016 to approximately HK$28.1 million for the year ended 31 March 2017, representing an increase of approximately 44.1%. This was mainly attributable to the listing fee of approximately HK$15.4 million incurred during the year ended 31 March 2017.

Income tax expenses

The income tax expenses decreased from approximately HK$2.7 million for year ended 31 March 2016 to approximately HK$0.7 million for the year ended 31 March 2017.

Finance costs

The Group's finance costs slightly decreased from approximately HK$0.4 million for the year ended 31 March 2016 to approximately HK$0.2 million for the year ended 31 March 2017.

Loss

The Group recorded a loss of approximately HK$14.8 million for the year ended 31 March 2017 as compared to a profit of approximately HK$12.6 million for the corresponding year in 2016. The loss was mainly attributable to (i) the decline in revenue of approximately HK$34.9 million mainly resulted from the disposal of Sunny Echo Limited and temporary cessation of the operation of take-away kiosk and a restaurant of the Group at the HKIA during July 2016 and November 2016 respectively, (ii) the recognition of listing expenses of approximately HK$15.4 million and (iii) the recognition of share option expenses of approximately HK$2.8 million for the year ended 31 March 2017.

Use of net proceeds from the Listing

The net proceeds from the Placing (as defined in the Prospectus), after deducting the actual underwriting fees and expenses paid by the Company in connection thereto, were approximately HK$38.6 million.

	Use of proceeds as shown from the Listing Date to 31 March 2017 HK$'000	Actual use of proceeds from the Listing Date to 31 March 2017 HK$'000
Renovation of existing restaurant	**3,000**	2,500
Opening new restaurants	**15,000**	–
Marketing activities (including recruitment, advertisement and promotion activities) to promote brand awareness	**600**	408
Upgrade existing restaurant facilities and system	**800**	127
	19,400	3,035

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

The followings are the principal risks and uncertainties faced by the Group, which may materially adversely affect its business, financial condition or results of operations:

1. The Group derives most of the revenue from our restaurants operating at the HKIA, therefore the Group's operation may be affected by any future plans of the Airport Authority in respect of the HKIA.

2. Also, the Group's revenue derived from restaurants at the HKIA may experience fluctuations from period to period due to seasonality and other factors. In general, the Group derived a relatively higher monthly revenue during July and August and a relatively lower monthly revenue during April to June.

3. During the year ended 31 March 2017, the Group generated all of our revenue in Hong Kong. If Hong Kong experiences any adverse economic condition due to events beyond our control, such as natural disasters, contagious disease outbreaks or terrorist attacks, a local economic downturn, mass civil disobedience movements or if the local authorities place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected.

Cost of inventories sold, staff cost and property rentals and related expenses contributed majority of the Group's operating cost. The following factors are uncertain and may affect the cost control measures of our Group:

1. The Group's business depends on reliable sources of large quantities of food ingredients such as vegetable and meat. The price of food ingredients may continue to rise or fluctuate.

2. Minimum wage requirements in Hong Kong was raised from HK$32.5 per hour to HK$34.5 per hour with effect from 1 May 2017, and may further increase and affect our staff costs in the future.

3. As at 31 March 2017, the Group licensed or leased all the properties for its restaurants operating at the HKIA and in the urban area of Hong Kong. Therefore, the Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in the Prospectus and in this annual report, the Group did not have other plans for material investments and capital assets as of 22 June 2017 (being the latest practicable date prior to the issue of this report).

MANAGEMENT DISCUSSION AND ANALYSIS

Comparison of business strategies and actual business progress

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 22 June 2017 (being the latest practicable date prior to the issue of this report) is set out below:

Business strategies as stated in the Prospectus	Actual business progress up to 31 March 2017
Leveraging our leading position to expand our operations at the HKIA	The Group has renovated one exisiting restaurant in the HKIA under the brand "Chinese Kitchen (中國廚房)". In addition, the Group is in progress to identify popular restaurant brands to the HKIA through franchising or other cooperation arrangement.
Strategically opening new restaurants in the urban area of Hong Kong	The Group is in the progress to identify the location.
Streamlining our operation for potential business opportunities	In May 2017, the Group has successfully obtained a franchise of a famous Taiwan catering brand "*Du Hsiao Yueh (度小月)*" by subscribing 60% of equity shares of DHY(HK), which was granted the sole and exclusive rights, license and franchise of "*Du Hsiao Yueh (度小月)*" to operate restaurants and food outlets in Hong Kong. Apart from this success, the Group will continuously to identify other suitable opportunities for franchising, joint venture or other cooperation arrangements with popular restaurant brands. In the meantime, the Group is recruiting experienced franchising managers.
Tapping into the casual dining market in the PRC	The Group keeps monitoring and researching on the PRC market opportunities for the preparation of our expansion plans in the PRC.
Continue to enhance comparable restaurant sales growth and profitability	The Group will continue to adhere to this objective by (i) increasing sales volume; (ii) optimising restaurant-level staffing; and (iii) maximising the utilisation of food ingredients.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

The change in the capital structure of the Group from 31 March 2016 to 31 March 2017 are set out in note 29 to the consolidated financial statements.

Cash position

As at 31 March 2017, the cash and cash equivalents of the Group amounted to approximately HK$76.4 million (2016: approximately HK$16.9 million), which were mainly denominated in Hong Kong dollar, representing an increase of approximately 352.1% as compared to that at 31 March 2017. The increase was mainly due to the net proceeds from the Listing and net proceeds from placing of share on 13 March 2017. The effect was partially offset by the dividend paid of HK$3.0 million on 1 June 2016.

Borrowings

As at 31 March 2017, the total borrowing of the Group, all of which were denominated in Hong Kong dollar, amounted to approximately HK$1.9 million (2016: approximately HK$8.4 million). Among the borrowing, approximately HK$0.7 million (2016: approximately HK$8.4 million) was derived from the bank borrowings which bears a floating interest rates from 4.25% to 5.25% and 4.50% to 5.00% per annum as at 31 March 2016 and 31 March 2017, respectively. Approximately HK$1.2 million was derived from obligation under a finance lease of the Group's motor vehicle (2016: Nil) at 1.99% per annum. Details of the maturity profile of the borrowings is set out in note 27 to the consolidated financial statements.

Pledge of assets

As at 31 March 2017, a HK$7,500,000 pledged deposits provided by the Group held at banks as security for due performance for a licence agreement for our restaurants operating at HKIA (2016: Nil).

Gearing ratio

As at 31 March 2017, the gearing ratio of the Group was approximately 2% (2016: approximately 54%). The decrease was mainly attributable to the net proceeds from Listing and net proceeds from placing of new shares on 13 March 2017 and the repayment of bank borrowings during the year ended 31 March 2017. The gearing ratio is calculated based on the total borrowings, which include bank borrowings and obligation under a finance lease, divided by the equity attributable to owners of the Company at the end of the respective period.

COMMITMENTS

The Group was committed to make future minimum lease payments in respect of certain restaurants and warehouse under non-cancellable operating leases. The Group's operating lease commitments amounted to approximately HK$36.0 million as at 31 March 2017 (2016: approximately HK$40.1 million). As at 31 March 2017, the Group had outstanding capital commitments of approximately HK$1.5 million as at 31 March 2017 (2016: Nil).

SIGNIFICANT INVESTMENTS

As at 31 March 2017, the Group had interests in associates amounted to approximately HK$1.6 million (2016: approximately HK$0.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 15 April 2016, the Group de-registered Victor Inc. Limited, a former non wholly-owned subsidiary of the Company, as part of the reorganisation for the purpose of the listing of the Company.

Save and except for the deregistration of Victor Inc. Limited, the Group did not have any material acquisition nor disposal of subsidiaries or affiliated companies during the year ended 31 March 2017.

CONTINGENT LIABILITIES

As at 31 March 2017, the Group had no significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with majority of the transactions being settled in HKD, United States dollar ("**USD**"), Renminbi ("**RMB**") and Taiwan New Dollar ("**TWD**"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The Group is not exposed foreign exchange risk in respect of HKD against the USD as long as this currency is pegged.

The transactions and monetary assets denominated in RMB and TWD are minimal for the two years ended 31 March 2016 and 2017, the Group considers there have no significant foreign exchange risks in respect of RMB and TWD for both years.

TREASURY POLICIES AND RISK MANAGEMENT

The main objective of the Group's treasury policies to seek capital appreciation with the surplus fund in short term and non-speculative in nature. The surplus fund is the fund after reserving the working capital requirement for the next 12-month period of the Group and excluding any unused proceeds from the placing of shares by the Company pursuant to its prospectus dated 1 August 2016. The investment activities of the Group shall be undertaken by the Investment Committee. Details of the Investment Committee is set out in the section "**Corporate Governance Report**" in this annual report.

As at 31 March 2017, the Group's credit risk is primarily attributable to trade receivables, fixed deposits and cash and cash equivalents.

The Group deposits its fixed deposits and cash and cash equivalents with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to cash and cash equivalents held to be delayed or limited. Management monitors the credit rating of these banks on an ongoing basis, and considers that the Group's exposure to credit risk were minimal.

As at 31 March 2017, the Group has no significant concentrations of credit risk due to the customers' base being large and unrelated. For trade receivables, the customers are primarily credit card receivables and airline customers and management considers the credit risk is not high. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk.

In relation to the management of liquidity risk, the Group's policy is to regularly monitor the liquidity requirements in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet the liquidity requirements in short and long term.

SHARE OPTION SCHEME

The Company had adopted a share option scheme (the "**Share Option Scheme**") on 21 July 2016.

On 5 October 2016, the Company granted share options exercisable within 10 years to two executive Directors and one eligible participant for subscription of a total of 60,000,000 ordinary shares of HK$0.01 each of the Company at the exercise price of HK$0.163 per share under the Share Option Scheme. As at the date of this report, no option has been exercised.

LITIGATIONS

As at 31 March 2017, the Group is not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of the Group.

PROSPECT

Our strategic objective is to continue to strengthen our leading position in operating restaurants at the HKIA. In particular, we have been strategically looking for opportunities to introduce popular restaurant brands to operate at the HKIA through franchising or other cooperative arrangements. In addition, to reinforce the Group's customers' perception of freshness, we continue to upgrade some of the Group's existing restaurants at the HKIA through renovation and upgrading the facilities and systems.

Apart from our business at the HKIA, to diversify the Group's revenue sources, we have been looking for suitable locations to open new restaurants in the urban area of Hong Kong. We intend to open new restaurants under the Group's self-owned brand "*Taiwan Beef Noodle (台灣牛肉麵)*" in the near future in districts with high customer traffic such as Central and Western District, Mongkok and Wanchai.

In addition to the operation of restaurants under the Group's own brands in Hong Kong, we also intend to develop a more asset-light business line which will allow the Group's flexibility to other opportunities in the constantly changing catering industry. During the period under review, we have franchised the Group's self-owned brands "*Taiwan Beef Noodle (台灣牛肉麵)*" and "*Chinese Kitchen (中國廚房)*" for the operation of a restaurant in Tsim Sha Tsui, Hong Kong. For synergy and efficiency in business growth and to fully utilise our resources, we will continue to identify suitable opportunities for not only franchising of our self-owned brands, but also joint venture and cooperation arrangements with other popular restaurant brands.

MANAGEMENT DISCUSSION AND ANALYSIS

In May 2017, we entered into the shareholders agreement to subscribe 60% of equity shares DHY(HK), in which DHY(HK) was granted the sole and exclusive rights, license and franchise of the famous Taiwan catering brand "*Du Hsiao Yueh (度小月)*" to establish, manage, run and operate the various restaurants and food outlets in Hong Kong. The first *Du Hsiao Yueh (度小月)* restaurant commenced business in Tsim Sha Tsui in June 2017. We expected to open ten *Du Hsiao Yueh (度小月)* restaurants in Hong Kong within six years.

Apart from Hong Kong market, we intend to progressively expand into the PRC casual dining market. Benefiting from our long history of development in the catering industry in Hong Kong and the experience and expertise which we have accumulated throughout the years, and the ongoing growth of casual dining market in the PRC, we plan to pursue a growth strategy by opening a restaurant under the Group's self-owned brand "*Taiwan Beef Noodle (台灣牛肉麵)*" in the coming two years in first-tier cities such as Guangzhou and Shanghai in the PRC where we consider having strong market potential. We will keep monitoring and searching for market opportunities and will conduct in-depth researches and feasibility studies before embarking on our expansion plan in the PRC.

Looking ahead, the Group will endeavor to strengthen the development of its existing businesses and to provide steady return as well as growth prospects for the Company's shareholders.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wong Man Wai (王文威先生) ("Mr. Wong"), aged 38, is chairman, chief executive officer of the Company and executive Director. Mr. Wong is responsible for formulating the overall business strategy and planning; overseeing the Group's performance generally; leading and representing the Group in negotiation with potential business partners.

Shortly after Mr. Wong's graduation from The University of New South Wales in May 2003 where he obtained his Bachelor of Commerce in Accounting and Finance, he joined the Group and started taking part in the operation of the restaurants of the Group since April 2004. Up until now, he has over 13 years of experience in the restaurant and catering business.

Mr. Chan Chak To Raymond (陳澤濤先生) ("Mr. Chan"), aged 50, was appointed as an executive Director on 7 December 2015 and is responsible for overseeing the day-to-day operation of the restaurants operated by the Group; assessing the performance of frontline staff and formulating training standard and guidance to frontline staff.

Mr. Chan has been with the Group for over 7 years since he joined the Group in October 2009 as the Operation director. Prior to joining the Group, Mr. Chan had accumulated over 13 years of experience in catering related businesses, of which he had worked as a chef for approximately three years and subsequently held managerial positions with various companies engaging in food production, trading or restaurant operation.

Mr. Chan has completed a certificate programme on business administration at Research Institute of Tsinghua University in this year.

Ms. Lam Wai Kwan (林慧君女士) ("Ms. Lam"), aged 43, was appointed as an executive Director on 7 December 2015 and is responsible for the finance and accounting matters, procurement and cost control measures of the Group.

Ms. Lam has been with the Group for over ten years since she joined the Group in November 2003 as an Assistant Manager. She was subsequently promoted to her current position of Accounting Manager in May 2005. After obtaining her Diploma in Commercial Studies from The Chinese Young Men's Christian Association Hong Kong in May 1992, Ms. Lam has worked in various companies performing secretarial and accounting duties.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ma Yiu Ho Peter (馬遙豪先生) ("Mr. Ma"), aged 52, is currently the financial controller of Chyau Fwu Properties Limited, a company principally engaged in property development and hospitality. He has been a member of the Hong Kong Institute of Certified Public Accountants since February 1990 and a fellow member of the Association of Chartered Certified Accountants (UK) since April 1994. Mr. Ma obtained a master degree of business administration from the Hong Kong University of Science and Technology in November 1995. He is also a member of the Hong Kong Institute of Directors since December 2015. He has over 20 years of experience in the finance and accounting field and worked as the financial controller and company secretary of The Hong Kong Parkview Group Limited (now named as Joy City Property Limited) (stock code: 207); the financial controller, qualified accountant and authorised representative of V1 Group Limited (formerly known as VODone Limited) (stock code: 82), both are listed companies on the Main Board of the Stock Exchange; chief financial officer of Superior Fastening Technology Limited (stock code: 5DW), a listed company on the Singapore Exchange.

Mr. Ma has also worked for Standard Chartered Equitor Trustee HK Limited and Hong Kong Government's Audit Department. Mr. Ma is currently and has been an independent non-executive director and chairman of the audit committee of Convoy Global Holdings Limited (stock code: 1019), an independent non-executive director and the chairman of the audit committee of China Packaging Holdings Development Limited (stock code: 1439) and an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of Huisheng International Holdings Limited (stock code: 1340) since, respectively, March 2010, December 2013 and February 2014, all of which are listed companies on the Main Board of the Stock Exchange. Mr. Ma is currently and has been an independent non-executive director and the chairman of the audit committee of TEM Holdings Limited (stock code: 8346) since April 2016, he was an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of China Ocean Fishing Holdings Limited (formerly known as Sky Forever Supply Chain Management Group Limited) (stock code: 8047) from July 2014 to May 2015, these two companies are listed on the GEM Board of the Stock Exchange.

Mr. Cheng Wing Hong (鄭永康先生) ("Mr. Cheng"), aged 42, is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheng holds a master degree in Practising Accounting from the Monash University. Mr. Cheng has over 18 years of experience in company secretarial, accounting and financial management work in various listed companies in Hong Kong (inclusive of over two years of experience in the field of auditing). Since July 2015, Mr. Cheng has been the company secretary of Kangda International Environmental Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6136). Mr. Cheng was also the company secretary and executive director of Magic Holdings International Limited, a company previously listed on the Main Board of the Stock Exchange (stock code: 1633) whose listing status was withdrawn as from April 2014 following a privatisation by way of scheme of arrangement, for the period, respectively, from May 2011 to June 2014 and from July 2012 to June 2014.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Cai Chun Fai (蔡振輝先生) ("Mr. Cai"), aged 35, is the Chief Operating Officer of Well Link Securities Limited, a licensed corporation under the SFO to carry on the regulated activities of dealing in securities and dealings in future contracts. Mr. Cai was the company secretary of China Fortune Financial Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 290) from February 2012 to April 2014. Mr. Cai holds the degree of Bachelor of Arts in Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Cai has over seven years' experience in auditing, accounting and financial management.

SENIOR MANAGEMENT

Mr. Ng Shing Kin (吳成堅先生) ("Mr. Ng"), aged 36, is the Group's financial controller and he is mainly responsible for the handling and overseeing the financial reporting, financial planning and reviewing internal control of the Group. Mr. Ng obtained an Honours Diploma in Business Administration from the Hong Kong Shue Yan College in July 2005 and a Master of Business Administration from The University of Louisiana at Monroe in May 2007. Mr. Ng further obtained a postgraduate diploma in professional accounting from the Hong Kong Baptist University in November 2007.

Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants and a Certified Financial Risk Manager admitted by the Global Association of Risk Professionals. Prior to joining the Group in November 2015, Mr. Ng had worked at HLB Hodgson Impey Cheng Limited (formerly known as HLB Hodgson Impey Cheng prior to reorganisation in March 2012) from August 2008 to December 2013 and his last position was Senior Accountant. He then joined PricewaterhouseCoopers Limited in December 2013 where he was a Senior Associate until October 2015.

Ms. Wong Chui Mei (黃翠薇女士) ("Ms. Wong"), aged 41, is the manager in charge of customer services and marketing. She is responsible for the marketing matters of the Group; handling customer feedbacks and making recommendation for the products and services provided by the Group. Ms. Wong has served at the Group for over 10 years since she joined us in November 2005.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The shares of the Company have been successfully listed on the GEM of the Stock Exchange on 8 August 2016. The Board recognised that the transparency and accountability are important to a listed company. Therefore, the Company is committed to maintaining high standards of corporate government in order to uphold the transparency of the Group and safeguard interests of the shareholders.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code for the year ended 31 March 2017, except for the deviations of Code Provisions A.2.1 and A.2.7.

CHAIRMAN AND CHIEF EXECUTIVE

Paragraph A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Wong Man Wai is the Chairman and the Chief Executive Officer of the Company. Considering that Mr. Wong Man Wai has been operating and managing the Group since 2004, the Board believes that it is in the best interest of the Group to have Mr. Wong Man Wai taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from paragraph A.2.1 of the Code is appropriate in such circumstance.

Under the Code provision A.2.7, the chairman of the Board should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. During the reporting period under review, since the chairman of the Board, who was also an executive Director, did not hold such kind of private meetings with the non-executive Directors, it was impracticable for the Company to follow the requirement under Code provision A.2.7. The chairman of the Board further considered that it was unnecessary as it would be more transparent to let the non-executive Directors speak out their views to all executive Directors in the full Board meetings which would be held at least four times a year. Besides, the chairman of the Board, being an executive Director himself, always welcomes all non-executive Directors to directly communicate with him via his email or phone to discuss any matters of the Company from time to time.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the directors on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them to the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results of the Group. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the period under review. The Company was not aware of any non-compliance in this respect throughout the year ended 31 March 2017.

BOARD OF DIRECTORS

From 1 April 2016 to 20 July 2016 (both dates included), the Board comprised three executive Directors, namely Mr. Wong Man Wai, Mr. Chan Chak To Raymond and Ms. Lam Wai Kwan. On 21 July 2016, Mr. Ma Yiu Ho Peter, Mr. Cheng Wing Hong and Mr. Cai Chun Fai were appointed as independent non-executive Directors in addition to the existing Board. Since then, the Board comprised six Directors, including three executive Directors and three independent non-executive Directors.

Throughout the year ended 31 March 2017, Mr. Wong Man Wai has been the chairman of the Board and the chief executive officer of the Company.

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the directors should make decisions objectively in the interests of the Company. The Board has the full support from the executive directors and the senior management of the Company to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are delegated to the executive directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the executive director(s) and senior management. The Board also assumes the responsibilities of maintaining high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the CG Code and the disclosures in this annual report. All directors, including independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Executive directors and independent non-executive directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Committee (as defined under the paragraph headed "**Board Committees**").

The Company Rule has three independent non-executive Directors which complies with Rule 5.05(1) of the GEM Listing Rules. All the three independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules. The independent non-executive Directors represent at least one-third of the Board in compliance with Rule 5.05A of the GEM Listing Rules.

The Company has received from each independent non-executive Directors an annual confirmation of his independent pursuant to Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent.

The biographical details of the directors and other senior management are set out in the section headed with "**Biographical Details of Directors and Senior Management**" from pages 17 to 19 of this annual report. Save as disclosed in the section "**Biographical Details of the Directors and Senior Management**" in this annual report, each of the Board members has no financial, business, family or other material or relevant relationships with each other.

ATTENDANCE RECORDS OF MEETINGS

The Board is scheduled to meet regularly at least four times a year, and Directors will receive at least 14 days prior written notice of such meetings in compliance with paragraph A.1.1 of the CG Code. The company secretary assists the Chairman to prepare the meeting notice and agenda. Each Director may include any item in the agenda. The agenda, accompanied by meeting papers with sufficient and reliable information, are sent to each Director at least 3 days before each Board meeting or committee meeting to enable the directors to make informed decisions on the matters to be discussed, except where a Board meeting or committee meeting is convened on a very urgent basis to consider any urgent ad hoc matter.

The company secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes will normally be circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

Additional Board meetings will be convened, as and when required, to deal with ad hoc issues. Any director who is not able to present physically may participate at any Board meeting through means of a telephone or tele-conferencing or any other telecommunications facility, in accordance with the articles of association of the Company (the "**Articles**").

During the year ended 31 March 2017, the Board convened a total of 6 meetings in person or by means of electronic communication since the listing of the Company on the GEM of the Stock Exchange on 8 August 2016. Attendance of each Director at the Board meetings is set out below:

Name of Directors	Board Meeting Attended/Held
Executive Directors	
Mr. Wong Man Wai *(Chairman)*	6/6
Mr. Chan Chak To, Raymond	6/6
Ms. Lam Wai Kwan	6/6
Independent non-executive Directors	
Mr. Ma Yiu Ho, Peter	6/6
Mr. Cheng Wing Hong	6/6
Mr. Cai Chun Fai	6/6

During the year ended 31 March 2017, the Company has not convened any general meeting since the Listing Date.

BOARD COMMITTEES

The Board has established four board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") and the investment committee (the "**Investment Committee**"). The written terms of reference are available on the websites of the Stock Exchange and the Company.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of directors, reviewing the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this annual report.

AUDIT COMMITTEE

The Company established the Audit Committee pursuant to a resolution of the directors passed on 21 July 2016 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the CG Code has been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditors; review financial statements of our Company and judgments in respect of financial reporting; and review and oversee the effectiveness of the procedures of the financial control, risk management and internal control procedures of our Group. The Audit Committee consists of three independent non-executive directors, namely Mr. Ma Yiu Ho Peter, Mr. Cheng Wing Hong and Mr. Cai Chun Fai. Mr. Ma Yiu Ho Peter is the chairman of the Audit Committee.

During the year ended 31 March 2017, the Audit Committee convened 3 committee meetings since listing on GEM on 8 August 2016. Attendance of each Audit Committee member is set out below:

Name of Directors	Audit Committee Meeting Attended/Held
Independent non-executive Directors	
Mr. Ma Yiu Ho Peter *(Chairman)*	3/3
Mr. Cheng Wing Hong	3/3
Mr. Cai Chun Fai	3/3

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 21 July 2016 pursuant to a resolution in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with paragraph B.1.2 of the CG Code. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all directors, senior management and general staff of our Group and ensure that none of the directors or any of their associates determine their own remuneration. The Remuneration Committee consists of three members, namely Mr. Cheng Wing Hong, Mr. Wong and Mr. Cai Chun Fai. Mr. Cheng Wing Hong is the chairman of the Remuneration Committee.

During the year ended 31 March 2017, the Remuneration Committee convened 1 committee meeting since listing on GEM on 8 August 2016. Attendance of each Remuneration Committee member is set out below:

Name of Directors	Remuneration Committee Meeting Attended/Held
Executive Directors	
Mr. Wong Man Wai	1/1
Independent non-executive Directors	
Mr. Cheng Wing Hong (Chairman)	1/1
Mr. Cai Chun Fai	1/1

Details of the Directors' remuneration are set out in note 11 to the consolidated financial statements.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the members of the senior management by band for the year ended 31 March 2017 is set out below:

Remuneration band	Number of persons
Less than HK$500,000	1
HK$1,000,001 to HK$1,500,000	1

Particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Chapter 18 of the GEM Listing Rules are set out in note 11 to the consolidated financial statements in this annual report.

NOMINATION COMMITTEE

Our Company established the Nomination Committee on 21 July 2016 with written terms of reference in compliance with paragraph A.5.2 of the CG Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive directors; and make recommendations to the Board on relevant matters relating to appointment or reappointment of directors. The Nomination Committee consists of three members, namely Mr. Wong Man Wai, Mr. Cheng Wing Hong and Mr. Cai Chun Fai. Mr. Wong is the chairman of the Nomination Committee.

During the year ended 31 March 2017, the Nomination Committee has not convened meeting since the Listing Date.

INVESTMENT COMMITTEE

Our Company established the Investment Committee on 23 May 2017. The primary duties of the Investment Committee are to establish the Group's investment policies and strategies; controlling the day-to-day investment activities and associated financing activities; executing investment transactions in accordance with the treasury policies of the Group; managing the investment portfolio within approved policies, parameters and limits; preparing regular investment portfolio reports; maintaining business relationships with external investment managers, banks and broker firms; maintaining business relationships with external investment managers, banks and broker firms; monitoring the investment regularly to ensure the investment does not exceed the investment cap in accordance with the treasury policies of the Group and reporting the same in a monthly report to the Board; and monitoring the investment activities to ensure compliance with the treasury policies of the Group and any other statutory and regulatory requirements, including the GEM Listing Rules. The Investment Committee consists of three members, namely Mr. Wong Man Wai, Ms. Lam Wai Kwan and Mr. Ng Shing Kin. Mr. Wong Man Wai is the chairman of the Investment Committee.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our executive Directors has entered into a service contract with our Company on 25 July 2016 and we have issued letters of appointment to each of our independent non-executive Directors. The service contracts with our executive Directors are for an initial term of 3 years commencing from the Listing Date. The letters of appointment with each of our independent non-executive Directors are for an initial fixed term of 3 years commencing from the Listing Date. The service contracts and letters of appointment are subject to termination in accordance with their respective terms and retirement by rotation and re-electron in accordance with the Articles and the GEM Listing Rules.

The Articles provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Further, the Articles provide that any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

The Company has taken out Directors and officers liability insurance to cover liabilities arising from legal action against the Directors.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Every Director keeps abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

The Directors are aware of the requirement under the code provision A.6.5 of the CG Code regarding continuous professional development. During the year, the Company had arranged a training session to all Directors in regards to director's duty which was conducted by an external professional firm. In addition, the Directors also reviewed the reading materials related to corporate governance and regulations that provided to them concerning latest developments in corporate governance practices and relevant legal and regulatory developments.

DEED OF NON-COMPETITION

Each of the controlling Shareholders has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 25 July 2016. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the controlling Shareholders and duly enforced since the Listing Date and up to the date of this annual report.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group that gives a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group. As at 31 March 2017, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditors, HLB Hodgson Impey Cheng Limited, about their reporting responsibility on the financial statements of the Group are set out in the independent auditor's report included in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledge its responsibility for reviewing the effectiveness of the Group's risk management and internal control systems. The risk management process includes risk identification, risk evaluation, risk management and risk control and review.

The management is entrusted with duties to identify, analyze, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority.

During the reporting period, the Board has conducted a review of the adequacy and effectiveness of the implemented risk management and internal control system and procedures, including areas covering financial, operational, compliance and risk management functions. The systems are implemented to minimize the risk to which the Group is exposed and is used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatement or losses. The Board was satisfied with the adequacy and effectiveness of the risk management and internal control system.

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 in light of the size, nature and complexity of the Group's business. The situation will be reviewed from time to time.

The Group has engaged Infinity Assurance Limited, 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.

For the year ended 31 March 2017, the Board considered the Group's internal control system as adequate and effective and that the Company has complied with the code provisions on internal control of the CG Code.

AUDITORS' REMUNERATION

The remuneration for the audit services and non-audit services provided by HLB Hodgson Impey Cheng Limited (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	80
Services provided for the listing:	
— as reporting accountants	1,610
— internal control review	129
	2,619

COMPANY SECRETARY

Mr. Ng Shing Kin ("**Mr. Ng**") is the company secretary of the Company, whose biographical details are set out under the section headed "**Biographical Details of Directors and Senior Management**" of this annual report. During the year ended 31 March 2017, Mr. Ng has undertaken more than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

INVESTOR RELATIONS

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to the shareholders and the investing public.

The Company's corporate website is http://www.hkrcg.com/tc/index.php. All corporate communication materials published on the GEM website (http://www.hkgem.com) are posted on the Company's corporate website as soon as practicable after their release. The Company's constitutional documents are also available on our website. No significant changes were made to these documents during the year ended 31 March 2017. Information on the website will be updated on a regular basis.

Share registration matters shall be handled for the shareholders by the Company's share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre 183 Queen's Road East Hong Kong.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

To safeguard shareholders' interests and rights, a separate resolution is proposed for each issue at shareholder meetings, including the election of individual directors.

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

Pursuant to the Articles of Association of the Company, any two or more shareholders holding not less than one-tenth of the paid up share capital of the Company carrying the right of voting at general meetings of the Company has statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by shareholders by sending to the Board or the company secretary of the Company at the principal place of business of the Company in Hong Kong a written request for such general meeting duly signed by the shareholders concerned together with the proposed agenda items and such meeting shall be held within three months of the deposit of such requisition. Shareholders also have the right to propose a person for election as a Director, the procedures are available on the websites of the Company and the Stock Exchange.

Enquiries to the Board

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available to the company secretary of the Company who is responsible for forwarding communications relating to matters within the Board and communication relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the chief executive officer.

Putting forward proposals at a general meeting

Shareholders are welcomed to put forward proposals relating to the operations and management of the Group to be discussed at shareholders' meetings. The proposals shall be sent to the company secretary of the Company by a written requisition. Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "Convening an extraordinary general meeting" above.

CONSTITUTIONAL DOCUMENTS

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

LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the CG Code.

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 37 to the consolidated financial statements. The principal activities of the Group are the provision of casual dining food catering services in Hong Kong. There was no significant change in the Group's principal activities during the reporting period.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 43.

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

BUSINESS REVIEW

A fair review and an analysis of the business of the Group using financial key performance indicators, a discussion of the principal business risks and uncertainties facing the Group and the future development of the Group's business are provided in the section headed "Chairman's Statement" and paragraphs headed "Business Review", "Financial Review" and "Principal Risks and Uncertainties" in the "Management Discussion and Analysis" section, respectively on pages 3 to 4 and pages 6 to 16 of this annual report and note 4 to the consolidated financial statements.

Additionally, the financial risk management objectives and policies of the Company can be found in note 4 to the consolidated financial statements. These discussions form part of this Directors' Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has always encouraged environmental protection, strictly complied with environmental regulations and promoted environmental protection awareness among employees. The Group implements strict monitoring through the establishment of an ever-improving environmental management system. Since the Listing Date and up to the end of the reporting period, the Group was in compliance, in all material respects, with the relevant laws and regulations.

RELATED PARTY TRANSACTIONS

Details of significant related party transactions undertaken in the normal course of business of the Group are set out in note 35 to the consolidated financial statements. None of these transactions with the related parties of the Group carried out during the year under review constituted non-exempt connected transactions under Chapter 20 of the GEM Listing Rules.

DONATIONS

Donations of amount approximately HK$752,000 had been made by the Group for the year ended 31 March 2017 (2016: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE ISSUED IN THE YEAR

Details of the shares issued in the year ended 31 March 2017 are set out in note 29 to the consolidated financial statements.

The net proceeds from the Company's issue of new shares of 702,800,000 at placing price of HK$0.15 per placing share for the year ended 31 March 2017, after deducting underwriting commissions and all other related expenses, amounted to approximately HK$71.5 million of which HK$3.0 million was used for working capital of the Group. The unutilised portion of net proceeds amounted to approximately HK$68.4 million as at 31 March 2017 is currently held in cash and has been placed in licensed banks in Hong Kong. The Company intended that the net proceeds of the Listing will be applied in the manner consistent with the proposed allocations as disclosed in (i) the section headed "Future Plans and Use of Proceeds" of the Prospectus; and (ii) the section headed "Use of Proceeds" of the announcement dated 17 February 2017 published by the Company in relation to placing of new Shares under general mandate. The Directors are of the view that the placing of new Shares under general mandate offers a good opportunity to identify suitable opportunities, including but not limited to franchising of our self-owned brands, joint venture and cooperation arrangements with other popular restaurant brands.

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 46 and note 34 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

There is no distributable reserves of the Company at 31 March 2017, calculated under Part 6 of the new Hong Kong Companies Ordinance (Cap.622) (2016: Nil).

PRE-EMPTIVE RIGHTS

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group had approximately 166 employees (as at 31 March 2016: 150 employees). Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. As incentives or rewards for their contribution to our Group, the Group has also adopted the Share Option Scheme to reward the employees, the Directors and other selected participants for their contributions to the Group.

The Directors are of view that employees are one of the keys to the sustainable development of the Group. Our Directors believe that our Group maintains good working relations with its employees.

Employees are regarded as the most important and valuable assets of the Group. We provide various types of trainings to our employees, including (i) conducting in-house continuous professional development seminars; and (ii) provision of safety training programme to staff to enhance their safety awareness.

FINANCIAL SUMMARY

A summary of the Group's results and financial position is set out on page 106 of this report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

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 had been published.

SHARE OPTIONS SCHEME

The Share Option Scheme was conditionally adopted by a written resolution of the sole shareholders passed on 21 July 2016. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group. Our Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for Shares on the terms set out in the Share Option Scheme. The eligibility of any of the above class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' option as to his contribution to the development and growth of our Group. An option may be accepted by a participant within 21 days from the date of the offer of grant of the option with a consideration of HK$1.0 payable on acceptance of the grant of an option. Further details of the Share Option Scheme were provided in the Prospectus.

Unless otherwise terminated by resolution in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, after which no further options shall be offered, but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of our Group shall not exceed 30% of the issued share capital of our Company from time to time (i.e. 660,804,000 Shares as at the date of this report). The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the Shares on the Listing Date (i.e. not exceeding 200,000,000 Shares). The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each participant (who is not a substantial Shareholder or an independent non-executive Director or their respective associates) in any 12-month period shall not exceed 1.0% of the issued share capital of our Company for the time being. Unless with the approval by the Shareholders in general meeting in accordance with the terms of the Share Option Scheme, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to a substantial Shareholder or an independent non-executive Director or their respective associates in any 12-month period shall not exceed 0.1% of the Shares in issue and having an aggregate value in excess of HK$5 million. Any grant of options under the Share Option Scheme to a Director, a chief executive of our Company or a substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of the options).

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The subscription price per Share under the Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

On 5 October 2016, the Company granted share options exercisable within 10 years to two executive Directors and one eligible participant for a total of 60,000,000 ordinary shares of HK$0.01 each of the Company at the exercise price of HK$0.163 per share, under the share option scheme adopted by the Company on 21 July 2016. A nominal consideration of HK$1.00 was received by the Company from each of the three persons to whom the share options were granted. As at the date of this report, 60,000,000 options had been granted under the Share Option Scheme and no option has been exercised.

The summary of the share options granted under the Share Option Schemes that were still outstanding as at 31 March 2017 is as follows:

Name of the grantee	No. of share options outstandings as at 1 April 2016	No. of share options granted during the year ended 31 March 2017	No. of share options exercised during the year ended 31 March 2017	No. of share options adjusted during the year ended 31 March 2017	No. of share options cancelled during the year ended 31 March 2017	No. of share options lapsed during the year ended 31 March 2017	No. of share options outstanding as at 31 March 2017
Employee (in aggregated)	–	60,000,000	–	–	–	–	60,000,000

DIRECTORS

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

Executive Directors

Mr. Wong Man Wai *(Chairman)*
Mr. Chan Chak To Raymond
Ms. Lam Wai Kwan

Independent non-executive Directors

Mr. Ma Yiu Ho Peter (Since 21 July 2016)
Mr. Cheng Wing Hong (Since 21 July 2016)
Mr. Cai Chun Fai (Since 21 July 2016)

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service contract with the Company and each of our independent non-executive Director has entered into a letter of appointment with the Company, in all cases for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Memorandum and Articles.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS AND CONTROLLING SHAREHOLDER'S THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the transactions disclosed in note 11 to the consolidated financial statements, no other transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's, subsidiaries, fellow subsidiaries or its parent company was a party 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.

During the year under review, no contract of significance, whether for provision of service or otherwise, had been entered into between the Company, or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Company are set out on pages 17 to 19 of this annual report.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE 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 chief executive of the Company in the shares of the Company (the "**Shares**"), underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Wong Man Wai	Interest of controlled corporation	1,500,000,000	68.1%

These 1,500,000,000 Shares are held by Fortune Round Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Wong Man Wai. Therefore, Mr. Wong Man Wai is deemed to be interested in all the Shares held by Fortune Round Limited for the purpose of the SFO.

Long positions in underlying shares

Name of Director	Capacity	Number of underlying shares interested	Percentage of shareholding
Ms. Lam Wai Kwan	Beneficial owner	20,000,000	0.91%
Mr. Chan Chak To Raymond	Beneficial owner	20,000,000	0.91%

On 5 October 2016, each of Ms. Lam Wai Kwan and Mr. Chan Chak To Raymond was granted 20,000,000 options exercisable within 10 years from 5 October 2016 to subscribe for Shares at the exercise price of HK$0.163 per Share pursuant to the Share Option Scheme.

Long positions in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Wong Man Wai	Fortune Round Limited	Beneficial owner	one	100%

Save as disclosed above and so far as is known to the Directors, as at 31 March 2017, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2017 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares

Name of shareholders	Capacity	Number of ordinary shares interested	Percentage of shareholding
Fortune Round Limited	Beneficial owner (note 1)	1,500,000,000	68.1%
Ms. Li Wing Yin	Interest of spouse (note 2)	1,500,000,000	68.1%

Notes:

1. Fortune Round Limited is a company incorporated in the British Virgin Islands and wholly owned by Mr. Wong Man Wai. Therefore, Mr. Wong Man Wai is deemed to be interested in all the Shares held by Fortune Round Limited for the purposes of the SFO. Mr. Wong Man Wai is the sole director of Fortune Round Limited.

2. Ms. Li Wing Yin is the spouse of Mr. Wong Man Wai. She is deemed to be interested in all the Shares in which Mr. Wong Man Wai is interested under the SFO.

Save as disclosed above, as at 31 March 2017, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

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

At 31 March 2017, the register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the Directors and chief executives as disclosed above.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 11 and 12 to the consolidated financial statements.

The remuneration committee of the Company will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. The Directors and other employees who have made valuable contribution to the Group may also receive options to be granted under the Scheme.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, save as disclosed in the section headed "**Biographical Details of Directors and Senior Management**" in this annual report, there was no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the GEM Listing Rules since the Listing Date.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and has been in force since 8 August 2016. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors.

MAJOR SUPPLIERS AND CUSTOMERS

The Group's customers were mainly retail customers and the Group was not dependent on any single customer. As such, the Directors consider that it is not practicable to identify our five largest customers of our Group for the year ended 31 March 2017.

The Group five largest suppliers together accounted for approximately 35.7% (2016: 27.1%) of the Group's total purchase for the year. The largest suppliers accounted for approximately 8.2% (2016: 5.8%) of the total purchase of the Group for the year.

The Directors are of view that customers and business partners are one of the keys to the sustainable development of the Group. Our Directors believe that our Group maintains good working relations with its business partners and it endeavours to improving the quality of services to the customers.

The Group stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions.

None of the Directors, their respective close associates, or any shareholder 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 or suppliers disclosed above.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares at the 22 June 2017 (being the latest practicable date prior to the issue of this report).

COMPETING BUSINESS

Save as disclosed in the Prospectus and this report, the Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the year ended 31 March 2017.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed RaffAello Capital Limited ("**RaffAello**") to be the compliance adviser. As informed by RaffAello, neither RaffAello 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 RaffAello dated 16 December 2015.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are 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.

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 20 September 2017 to 25 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, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 19 September 2017.

REPORT OF DIRECTORS

EVENTS AFTER THE REPORTING PERIOD

Save as in note 39 to the consolidated financial statements, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2017 and up to 22 June 2017 (being the latest practicable date prior to the issue of this report).

AUDITORS

The consolidated financial statements have been audited by HLB Hodgson Impey Cheng Limited who retire and, being eligible, offer themselves for re-appointment. In the last three years preceding 31 March 2017, there has been no change in auditors of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and external auditor the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the audited consolidated financial statements for the year ended 31 March 2017.

On behalf of the Board
Wong Man Wai
Chairman

Hong Kong, 30 June 2017

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 ROYAL CATERING GROUP HOLDINGS COMPANY LIMITED
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Royal Catering Group Holdings Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 43 to 105, 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 ("**HKSAs**") 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements 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 notes 3 and 7 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 Group's revenue recognition policy for restaurant operations; — Obtaining an understanding of the revenue business process and key control, and testing key manuel and information technology control 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 recognised were supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, but does not include 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 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 responsibles 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 the consolidated financial statements.

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.

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

- 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.

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 year 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 Yu Chi Fat.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practicing Certificate Number: P05467

Hong Kong, 30 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	**90,606**	125,502
Cost of inventories sold		**(17,158)**	(27,255)
Gross profit		**73,448**	98,247
Other revenue and other income	8	**2,499**	4,321
Staff costs		**(31,093)**	(36,436)
Depreciation of property, plant and equipment		**(2,424)**	(3,242)
Property rentals and related expenses		**(31,024)**	(32,002)
Fuel and utility expenses		**(3,710)**	(5,112)
Administrative expenses		**(28,110)**	(19,516)
(Loss)/profit from operations		**(20,414)**	6,260
Gain on disposal of a subsidiary		**–**	636
Share of result of an associate		**6,488**	8,806
Share of result of a joint venture		**–**	(54)
Finance costs	9	**(228)**	(353)
(Loss)/profit before tax	10	**(14,154)**	15,295
Income tax expenses	13	**(691)**	(2,698)
(Loss)/profit and total comprehensive (loss)/income for the year		**(14,845)**	12,597
(Loss)/profit and total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(14,845)**	12,619
Non-controlling interests		**–**	(22)
		(14,845)	12,597
(Loss)/earnings per share			
Basic and diluted (HK cents)	15	**(0.81)**	0.84

Details of dividends paid to owners of the Company are set out in note 14 to the consolidated financial statements. The accompanying notes form an integral part of these 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	*16*	**7,164**	5,466
Interests in associates	*17*	**1,560**	742
Interest in a joint venture	*18*	**–**	–
Non-current rental deposits	*21*	**1,628**	1,237
		10,352	7,445
Current assets			
Inventories	*19*	**237**	246
Trade receivables	*20*	**628**	1,188
Deposits, prepayments and other receivables	*21*	**3,195**	6,059
Prepaid tax		**255**	198
Amount due from an associate	*22*	**1,622**	34
Amount due from a joint venture	*22*	**500**	500
Fixed deposits	*23*	**17,500**	–
Cash and cash equivalents	*24*	**76,437**	16,857
		100,374	25,082
Current liabilities			
Trade payables	*25*	**2,596**	1,933
Accruals and other payables	*26*	**10,324**	6,973
Tax payables		**424**	89
Bank borrowings	*27*	**702**	8,377
Obligation under a finance lease	*28*	**256**	–
		14,302	17,372
Net current assets		**86,072**	7,710
Total assets less current liabilities		**96,424**	15,155
Non-current liability			
Obligation under a finance lease	*28*	**926**	–
Net assets		**95,498**	15,155

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Capital and reserve			
Share capital	*29*	**22,028**	–
Reserves		**73,470**	15,608
Equity attributable to owners of the Company		**95,498**	15,608
Non-controlling interests		**–**	(453)
Total equity		**95,498**	15,155

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 June 2017 and signed on its behalf by:

Wong Man Wai	**Lam Wai Kwan**
Director	*Director*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company						
	Share capital	Share premium	Share option reserve	Retained earnings/ (accumulated losses)	Sub-total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000 *(Note)*	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2015	–	–	–	46,474	46,474	(616)	45,858
Profit/(loss) and total comprehensive income/ (loss) for the year	–	–	–	12,619	12,619	(22)	12,597
Acquisition of additional interests in a subsidiary	–	–	–	(485)	(485)	185	(300)
Dividend paid *(note 14)*	–	–	–	(43,000)	(43,000)	–	(43,000)
At 31 March 2016 and at 1 April 2016	–	–	–	15,608	15,608	(453)	15,155
Loss and total comprehensive loss for the year	–	–	–	(14,845)	(14,845)	–	(14,845)
Issue of shares under the capitalisation issue	15,000	(15,000)	–	–	–	–	–
Issue of shares by way of placing	5,000	70,000	–	–	75,000	–	75,000
Placing of new shares	2,028	28,392	–	–	30,420	–	30,420
Share issuing expenses	–	(10,435)	–	–	(10,435)	–	(10,435)
Dividend paid *(note 14)*	–	–	–	(3,000)	(3,000)	–	(3,000)
Recognition of equity-settled share option expenses	–	–	2,750	–	2,750	–	2,750
Non-controlling interests written off upon deregistration of a subsidiary	–	–	–	–	–	453	453
At 31 March 2017	**22,028**	**72,957**	**2,750**	**(2,237)**	**95,498**	**–**	**95,498**

Note: Share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options at grant date. The amount for each period is determined by spreading the fair value of the share options over the relevant vesting period (if any) and is recognised as staff costs and related expenses with a corresponding increase in the share option reserve.

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	**(14,154)**	15,295
Adjustments for:		
Finance costs	**228**	353
Interest income	**(202)**	(2)
Depreciation of property, plant and equipment	**2,424**	3,242
Gain on disposal of a subsidiary	**–**	(636)
Share of result of an associate	**(6,488)**	(8,806)
Share of result of a joint venture	**–**	54
Non-controlling interests written-off upon deregistration of a subsidiary	**453**	–
Impairment loss recognised in respect of trade receivables	**1**	–
Reversal of impairment loss recognised in respect of amount due from an associate	**–**	(2,400)
Equity-settled share option expenses	**2,750**	–
Operating cash flows before movements in working capital	**(14,988)**	7,100
Decrease/(increase) in inventories	**9**	(27)
Decrease/(increase) in trade receivables	**559**	(509)
Decrease/(increase) in deposits, prepayments and other receivables	**2,576**	(4,382)
Increase in trade payables	**663**	698
Increase in accruals and other payables	**3,356**	2,365
Decrease in amount due to a related company	**–**	(261)
Decrease in amounts due to non-controlling interests	**–**	(492)
Cash (used in)/generated from operations	**(7,825)**	4,492
Tax paid	**(413)**	(5,391)
Net cash used in operating activities	**(8,238)**	(899)
Cash flows from investing activities		
Interest received	**99**	2
Purchase of property, plant and equipment	**(2,878)**	(2,472)
Net proceed from disposal of a subsidiary	**–**	1,332
Dividend received from an associate	**4,082**	9,072
Placement of fixed deposits	**(17,500)**	–
Net cash (used in)/generated from investing activities	**(16,197)**	7,934

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
Cash flows from financing activities		
Acquisition of additional interests in a subsidiary	**–**	(300)
Dividend paid	**(3,000)**	–
Interest paid	**(233)**	(353)
Proceed from issue of shares by way of placing	**75,000**	–
Proceed from placing of new shares	**30,420**	–
Share issuing expenses	**(10,435)**	–
Proceeds from bank borrowings	**–**	7,856
Repayment of bank borrowings	**(7,672)**	(6,430)
Advance to a joint venture	**–**	(6)
Advance to a director	**–**	(11,289)
Repayment from a related company	**–**	1,500
Repayment of obligation under a finance lease	**(62)**	(341)
Net cash generated from/(used in) financing activities	**84,018**	(9,363)
Net increase/(decrease) in cash and cash equivalents	**59,583**	(2,328)
Cash and cash equivalents at the beginning of the reporting period	**16,854**	19,182
Cash and cash equivalents at the end of the reporting period	**76,437**	16,854
Analysis of balance of cash and cash equivalents:		
Cash and cash equivalents	**76,437**	16,857
Less: Bank overdraft	**–**	(3)
	76,437	16,854

1. GENERAL

(a) General information of the Group

The Company is incorporated in Cayman Islands on 19 August 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of placing (the "**Listing**") with effect from 8 August 2016. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is Room 1207, 12th Floor, Wing On Kowloon Centre, No. 345 Nathan Road, Kowloon, Hong Kong. Its ultimate holding company is Fortune Round Limited, a company incorporated in British Virgin Islands ("**BVI**") with limited liability and wholly-owned by Mr. Wong Man Wai ("**Mr. Wong**"), a director of the Company.

The Company is an investment holding company and the Group is principally engaged in provision of casual dining food catering services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**"), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000), unless otherwise stated.

(b) Reorganisation and Basis of Presentation

Pursuant to the reorganisation (the "**Reorganisation**") as fully explained in the paragraph headed "Reorganisation" in the section headed "History, Development and Reorganisation" of the prospectus of the Company dated 1 August 2016, the Company become the holding company of the companies now comprising the Group on 6 June 2016. Immediately prior to and after the Reorganisation, the companies now comprising the Group were under common control by Mr. Wong. The Reorganisation is merely a reorganisation of the Group with no change in management of such business and the ultimate owner of the business. Accordingly, the consolidated financial statements have been prepared on the basis by applying the principle of merger accounting, as if the Reorganisation had 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 transaction and balances have been eliminated on combination in full.

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 position and financial performance 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 period beginning on or after 1 January 2017 or 2018, as appropriate.

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 and is not likely to have other material impact on the financial position and financial performance of the Group based on an analysis of the Group's existing business model.

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(s)
- 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.

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

HKFRS 15 *Revenue from Contracts with Customers* (Continued)

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition may be affected/and the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group perform a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

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 any remeasurement of the 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.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line at which the corresponding underlying assets would be presented if they were owned.

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2017, the Group has non-cancellable operating lease commitments of approximately HK$36,041,000 as disclosed in note 30 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.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

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

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.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation *(Continued)*

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.

Basis of consolidation

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation *(Continued)*

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the 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.

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.

Disposal of subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in associates and a joint venture

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment *(Continued)*

Asset held under a finance lease is depreciated over its expected useful lives on the same basis as owned asset. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, asset is depreciated over the shorter of the lease term and their useful lives.

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 improvements	Over the lease terms
Furniture and fixtures	20%
Catering and other equipment	20% to 30%
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.

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 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 CGUs for which a reasonable and consistent allocation basis can 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible assets *(Continued)*

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.

Inventories

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

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

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purposes of the financial assets and is determined at the time of initial recognition.

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 or 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 of 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 an associate, amount due from a joint venture, fixed deposits and cash and cash equivalents) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, 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 re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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 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 assets' 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 period.

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. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to 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 investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, accruals and other payables (exclude receipt in advance), bank borrowings and obligation under a finance lease) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments *(Continued)*

***Derecognition** (Continued)*

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.

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.

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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

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.

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business and net of discount.

Revenue from restaurant operations when catering services have been provided to the customers.

Revenue from sales of food are recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the products are delivered to customers and title is passed.

Franchise fee income is recognised on an accrual basis in accordance with the related agreement.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Management fee income is recognised when the related service is rendered.

Leasing

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Asset held under a finance lease is initially recognised as asset of the Group at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position under the heading of "obligation under a finance lease".

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance cost are recognised immediately in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing *(Continued)*

The Group as lessee *(Continued)*

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. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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.

Employee benefits

Retirement benefit obligations

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 MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The cap of contribution amount is HK$1,500 per employee per month.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the profit or loss represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

Equity-settled share option expenses

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in share option reserve.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to retained earnings/(accumulated losses) on repayment of the monetary items.

Borrowing costs

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

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation *(Continued)*

Deferred tax *(Continued)*

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

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

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

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.

Segment reporting

Operating segments, and the amounts of each segment item 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 allocating resources to, and assessing the performance 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of 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); or
- (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.

A related party transaction is a transfer of resources, services or obligation 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.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include market risk (foreign currency risk and interest rate risk), credit risks and liquidity risk. Details of these financial instruments are disclosed in the notes below. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the directors. The Group does not have written risk management policies. However, the directors and senior management meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks on timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

Categories of financial assets and financial liabilities

The carrying amounts of the Group's financial assets and financial liabilities recognised in the consolidated statement of financial position at the end of the reporting period categorised as follows:

	2017 **HK$'000**	2016 HK$'000
Financial assets		
Loans and receivables:		
— Trade receivables	**628**	1,188
— Deposits paid and other receivables	**4,426**	3,133
— Amount due from an associate	**1,622**	34
— Amount due from a joint venture	**500**	500
— Fixed deposits	**17,500**	–
— Cash and cash equivalents	**76,437**	16,857
	101,113	21,712
Financial liabilities		
Financial liabilities measured at amortised costs:		
— Trade payables	**2,596**	1,933
— Accruals and other payables	**9,868**	6,913
— Bank borrowings	**702**	8,377
— Obligation under a finance lease	**1,182**	–
	14,348	17,223

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

Market risk

Foreign currency risk

The Group operates in Hong Kong and majority of transaction are denominated in HK$, United States dollar ("**USD**"), Renminbi ("**RMB**") and New Taiwan dollar ("**TWD**"). Foreign currency risk arises from future commercial transactions, which are denominated in a currency that is not the functional currency of the Group.

The Group is not exposed to foreign exchange risk in respect of HK$ against the USD as long as this currency is pegged.

The transactions and monetary assets denominated in RMB and TWD are minimal, the Group considers there have no significant foreign exchange risk in respect of RMB and TWD.

The Group currently does not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group is exposed to interest rate risk relates primarily to variable rate borrowings (note 27 to the consolidated financial statements for the details of bank borrowings). The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2016: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2016: 50 basis points) higher/lower and all other variables were held constant, the Group's pre-tax loss for the year ended 31 March 2017 would decrease/increase by approximately HK$4,000 (2016: profit of approximately HK$42,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate of bank borrowings.

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

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group trade with a large number of individual customer and trading terms are mainly in cash and credit card settlement. In view of the Group's operation, the Group's trade receivables are primarily credit card receivables and airlines customers and management considers the credit risk is not high.

The Group has significant concentration of credit risk on amount due from an associate and a joint venture (note 22 to the consolidated financial statements). Management of the Company consider the counterparty with good credit worthiness based on its past repayment history and subsequent settlement.

The Group deposited its fixed deposits and cash and cash equivalents with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to fixed deposits and cash and cash equivalents held to be delayed or limited. Management of the Company 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 2016 were minimal.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policies have been followed by the Group since prior years and considered by the management to have been effective in managing liquidity risks.

Analysed below is the Group's remaining contractual maturities for its financial liabilities at 31 March 2017 and 2016. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay.

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

Liquidity risk *(Continued)*

	At 31 March 2017				
	Within one year or on demand HK$'000	Within 2-5 years HK$'000	More than 5 years HK$'000	Total undiscounted amount HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities					
Trade payables	2,596	–	–	2,596	2,596
Accruals and other payables	9,868	–	–	9,868	9,868
Bank borrowings	710	–	–	710	702
Obligation under a finance lease	307	999	–	1,306	1,182
Total	13,481	999	–	14,480	14,348

	At 31 March 2016				
	Within one year or on demand HK$'000	Within 2-5 years HK$'000	More than 5 years HK$'000	Total undiscounted amount HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities					
Trade payables	1,933	–	–	1,933	1,933
Accruals and other payables	6,913	–	–	6,913	6,913
Bank borrowings	8,578	–	–	8,578	8,377
Total	17,424	–	–	17,424	17,223

The following table summaries the maturity analysis of bank borrowings with repayable on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts includes interest payments computed using contractual rates. Taking into account the Group's net assets, the directors of the Company do not consider that it is probable that the bank will exercise its discretion to immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

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

Liquidity risk *(Continued)*

	Maturity analysis — bank borrowings subject to a repayment on demand clause based on scheduled repayments			
	Within one year	More than one year but less than two years	More than two years but less than five years	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2017	**710**	**–**	**–**	**710**
At 31 March 2016	8,041	537	–	8,578

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.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and to provide an adequate return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group is not subject to any external imposed capital requirements.

Gearing ratio

The directors of the Company review the capital structure on annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through payment of dividends, issue of new shares or repurchase of shares as well as issue of new debts or redemption of existing debts.

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

Capital management *(Continued)*

Gearing ratio *(Continued)*

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

	2017 HK$'000	2016 HK$'000
Total debts *(Note)*	**1,884**	8,377
Less: Cash and cash equivalents	**(76,437)**	(16,857)
Net cash	**(74,553)**	(8,480)
Equity attributable to owners of the Company	**95,498**	15,608
Total debts to equity ratio	**2%**	54%

Note: Total debts include bank borrowings and obligation under a finance lease in notes 27 and 28 to the consolidated financial statements respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND 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, management 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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of Starz Kitchen Management Limited ("Starz Kitchen") as a joint venture

Starz Kitchen is limited liability company whose legal form confers separation between the parties to the joint arrangements and the company itself. Furthermore, there are no contractual arrangements or any other facts and circumstances that specify that the parties to the joint arrangements have rights to the assets and obligations for the liabilities of the joint arrangements. Accordingly, Starz Kitchen is classified as a joint venture of the Group. See note 18 to the consolidated financial statements for details.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may 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. Management 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 property, plant and equipment

Fixed assets with finite useful lives 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.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer taste or competitor actions. Management reassesses these estimates at the end of each reporting period.

Share-based payments

The fair value of option granted is estimated by independent professional valuers based on the various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the share options at the date of grant.

6. SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through a chain of casual dining food catering services restaurants. 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.

7. REVENUE

	2017 HK$'000	2016 HK$'000
Restaurants operations	**82,777**	114,581
Sales of food	**7,220**	10,649
Franchise fee income	**609**	272
	90,606	125,502

8. OTHER REVENUE AND OTHER INCOME

	2017 HK$'000	2016 HK$'000
Interest income	**202**	2
Management fee income	**408**	408
Reversal of impairment loss recognised in respect of amount due from an associate	**–**	2,400
Sundry income	**540**	120
Tips income	**529**	655
Net foreign exchange gain	**820**	736
	2,499	4,321

9. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on bank borrowings	**211**	338
Interest on finance lease	**17**	15
	228	353

10. (LOSS)/PROFIT BEFORE TAX

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

	2017 HK$'000	2016 HK$'000
Auditors' remuneration:		
— Audit services *(Note)*	**800**	283
— Non-audit services	**80**	–
	880	283
Cost of inventories sold	**17,158**	27,255
Depreciation of property, plant and equipment *(note 16)*	**2,424**	3,242
Impairment loss recognised in respect of trade receivables *(note 20)*	**1**	–
Lease payments under operating leases:		
— Minimum lease payments	**25,045**	25,795
— Contingent rents	**3,906**	4,045
	28,951	29,840
Employee benefit expenses (excluding directors' remuneration *(note 11)*):		
— Salaries, allowance and benefits in kind	**24,378**	32,938
— Equity-settled share option expenses	**916**	–
— Retirement benefit scheme contributions	**1,090**	1,876
	26,384	34,814
Listing expenses	**15,441**	8,464
Gain on disposal of a subsidiary	**–**	(636)

Note: Exclude services for the Listing of the Company.

11. DIRECTORS' REMUNERATION

The remuneration of directors were set out below:

	Year ended 31 March 2017				
	Directors' fees HK$'000	**Salaries, allowance, and benefits in kind HK$'000**	**Share option expenses HK$'000**	**Retirement benefit scheme contribution HK$'000**	**Total HK$'000**
Executive directors:					
Mr. Wong	**–**	**1,370**	**–**	**16**	**1,386**
Chan Chak To Raymond	**–**	**776**	**917**	**16**	**1,709**
Lam Wai Kwan	**–**	**391**	**917**	**15**	**1,323**
Independent non-executive directors:					
Ma Yiu Ho Peter	**97**	**–**	**–**	**–**	**97**
Cheng Wing Hong	**97**	**–**	**–**	**–**	**97**
Cai Chun Fai	**97**	**–**	**–**	**–**	**97**
	291	**2,537**	**1,834**	**47**	**4,709**

	Year ended 31 March 2016				
	Directors' fees HK$'000	Salaries, allowance, and benefits in kind HK$'000	Share option expenses HK$'000	Retirement benefit scheme contribution HK$'000	Total HK$'000
Executive directors:					
Mr. Wong	–	452	–	12	464
Chan Chak To Raymond	–	977	–	13	990
Lam Wai Kwan	–	160	–	8	168
	–	1,589	–	33	1,622

Mr. Wong is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

11. DIRECTORS' REMUNERATION (CONTINUED)

No directors of the Company have waived or agreed to waive any remuneration during the year 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.

During the year ended 31 March 2017 and 2016, there was no amount paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 12 below as an inducement to join or upon joining the Group or as compensation for loss of office.

Directors' material interests in transactions, arrangements and contracts of significance

Pursuant to the agreement dated 3 August 2015 made between Wingo Hong Kong Investment Limited ("**Wingo**") and Palace Corporation Limited ("**Palace**"), a wholly-owned subsidiary of the Company, Palace has agreed to provide management service to Wingo in accordance with the terms of the agreement. Mr. Wong, a director of the Company, is interested in this transaction to the extent that Palace has equity interests in Wingo and Mr. Wong is the sole director of Palace. During the year ended 31 March 2017, the total amount of management fee received by the Group was HK$408,000 (2016: HK$408,000).

Pursuant to the engagement letter dated 21 March 2017 made between Newpage Financial Press Limited ("**Newpage**") and the Company, Newpage has agreed to provide financial printing service to the Company, of which the service fee shall not exceed HK$1,000,000 per annum. Mr. Cheng Wing Hong, an independent non-executive director of the Company, is interested in this arrangement to the extent that Mr. Cheng Wing Hong, is a director of Newpage and has material equity interest in Newpage. During the year ended 31 March 2017, the total amount of service fee paid and payable by the Group was approximately HK$151,000 (2016: nil).

Other than as disclosed above, no other 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.

12. FIVE HIGHEST PAID EMPLOYEES

3 (2016: 2) of the five individuals with the highest emoluments are directors of the Company, whose emoluments are disclosed in note 11 to the consolidated financial statements, for the year ended 31 March 2017. The aggregate of the emoluments in respect of the remaining 2 (2016: 3) individuals are as follows:

	2017 HK$'000	2016 HK$'000
Salaries, allowance and benefits in kind	926	1,015
Equity-settled share option expenses	916	–
Retirement benefit scheme contributions	35	49
	1,877	1,064

The above individuals with the highest emoluments include one (2016: nil) senior management as disclosed in the section headed "Biographical Details of Directors and Senior Management", fell within the following bands:

	Number of Individuals	
	2017	2016
Nil to HK$1,000,000	1	3
HK$1,000,001 to HK$2,000,000	1	–

13. INCOME TAX EXPENSES

	2017 HK$'000	2016 HK$'000
Current tax:		
— Hong Kong Profits Tax	689	2,509
— Under-provision in prior years	2	189
	691	2,698

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

13. INCOME TAX EXPENSES (CONTINUED)

The income tax expenses for the year 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	**(14,154)**	15,295
Tax at Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	**(2,335)**	2,524
Tax effect of:		
Share of result of an associate	**(1,071)**	(1,453)
Share of result of a joint venture	**–**	9
Income not taxable for tax purpose	**(33)**	(501)
Expenses not deductible for tax purpose	**3,266**	1,554
Estimated tax losses not recognised	**930**	157
Accelerated accounting depreciation over tax depreciation over provided	**125**	347
Under-provision in prior years	**2**	189
Tax reduction	**(88)**	(84)
Utilisation of tax losses previously not recognised	**(105)**	(44)
Income tax expenses for the year	**691**	2,698

The Group had unused estimated tax losses of approximately HK$9,210,000 (2016: 4,210,000) available for offsetting against future profits at 31 March 2017. No deferred tax asset has been recognised in respective of tax losses due to the unpredictability of future profit streams and unrecognised tax losses could be carried forward indefinitely.

14. DIVIDENDS

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

	2017 HK$'000	2016 HK$'000
Interim dividend paid	**3,000**	43,000

14. DIVIDENDS (CONTINUED)

On 31 May 2016, interim dividend of HK$3,000,000 was declared and paid on 1 June 2016.

On 24 November 2015, interim dividend of HK$43,000,000 was declared and subsequently used to set off the outstanding amount due from a director on 9 December 2015.

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

15. (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 per share		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share ((loss)/profit for the year attributable to owners of the Company)	**(14,845)**	12,619

	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**1,833,289**	1,500,000

The number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the year ended 31 March 2016 has been determined on the assumption that the capitalisation issue (note 29 to the consolidated financial statements) had been effective on 1 April 2015.

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation for the year ended 31 March 2017, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Catering and other equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2015	17,623	2,165	12,360	962	33,110
Additions	1,883	65	524	–	2,472
Written-off	(7,179)	(1,584)	–	–	(8,763)
Derecognition upon disposal of a subsidiary *(note 31)*	(3,483)	(35)	(5,697)	–	(9,215)
At 31 March 2016 and at 1 April 2016	8,844	611	7,187	962	17,604
Additions	2,539	–	185	1,398	4,122
At 31 March 2017	11,383	611	7,372	2,360	21,726
Accumulated depreciation					
At 1 April 2015	10,266	1,847	8,146	764	21,023
Charge for the year	2,067	103	880	192	3,242
Written-off	(7,179)	(1,584)	–	–	(8,763)
Derecognition upon disposal of a subsidiary *(note 31)*	(784)	(16)	(2,564)	–	(3,364)
At 31 March 2016 and at 1 April 2016	4,370	350	6,462	956	12,138
Charge for the year	1,850	111	327	136	2,424
At 31 March 2017	6,220	461	6,789	1,092	14,562
Carrying amounts					
At 31 March 2017	**5,163**	**150**	**583**	**1,268**	**7,164**
At 31 March 2016	4,474	261	725	6	5,466

At 31 March 2017, the carrying amounts of motor vehicles includes an amount of approximately HK$1,268,000 (2016: nil) in respect of asset held under a finance lease (note 28 to the consolidated financial statements).

17. INTERESTS IN ASSOCIATES

	2017 HK$'000	2016 HK$'000
Cost of investments in associates	–	–
Share of post-acquisition profit and other comprehensive income in associates, net of dividend received and receivable	1,560	742
	1,560	742

The Group's associates are unlisted corporate entities whose quoted market prices are not available.

Particular of the associates at the end of the report period are as follows:

Name of associate	Place of incorporation/ operation	Percentage of ownership interest attributable to the Group 2017 %	2016 %
Wingo	Hong Kong	42	42
HK Star's Local Delicacy Limited ("**HK Star's**")	Hong Kong	30	30

Wingo is principally engaged in provision of casual dining food catering services. HK Star's is a company incorporated for the purpose of tender submission.

All associates are accounted for using the equity method in the consolidated financial statements.

Wingo

Summarised financial information of Wingo is disclosed below:

	2017 HK$'000	2016 HK$'000
Current assets	13,322	16,144
Non-current assets	–	62
Current liabilities	9,608	14,440
Non-current liabilities	–	–

17. INTERESTS IN ASSOCIATES (CONTINUED)

Wingo *(Continued)*

The above amounts of assets and liabilities include the following:

	2017 HK$'000	2016 HK$'000
Cash and bank balances	**1,678**	10,377

	For the year ended 31 March	
	2017 HK$'000	2016 HK$'000
Revenue	**100,128**	108,755
Profit and total comprehensive income	**15,448**	20,967
Dividend received and receivable from Wingo	**5,670**	9,072

The above profit and total comprehensive income for the year include the following:

	For the year ended 31 March	
	2017 HK$'000	2016 HK$'000
Depreciation of property, plant and equipment	**62**	316
Interest income	**2**	2
Income tax expenses	**3,020**	4,163

17. INTERESTS IN ASSOCIATES (CONTINUED)

Wingo *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of interest in Wingo recognised in the consolidated financial statements is disclosed below:

	2017 HK$'000	2016 HK$'000
Net assets of Wingo	**3,714**	1,766
Proportion of the Group ownership interest in Wingo	**42%**	42%
Carrying amount of the Group's interest in Wingo	**1,560**	742

Information of associate that is not individually material

Unrecognised share of loss of HK Star's

	2017 HK$'000	2016 HK$'000
The unrecognised share of loss of HK Star's for the year	**4**	1
Cumulative share of loss of HK Star's	**5**	1

18. INTEREST IN A JOINT VENTURE

	2017 HK$'000	2016 HK$'000
Cost of investment in a joint venture	**54**	54
Share of post-acquisition loss and other comprehensive loss in a joint venture, net of dividend received	**(54)**	(54)
	–	–

18. INTEREST IN A JOINT VENTURE (CONTINUED)

Particular of the joint venture at the end of the report period is as follows:

Name of joint venture	Place of incorporation/ operation	Percentage of ownership interest attributable to the Group	
		2017	2016
		%	%
Starz Kitchen	Hong Kong	**50**	50

Starz Kitchen is engaged in provision of catering management and consultancy services.

The joint venture is accounted for using the equity method in the consolidated financial statements.

Information of joint venture that is not individually material

	2017	2016
	HK$'000	HK$'000
The unrecognised share of loss of Starz Kitchen for the year	**644**	95
Cumulative share of loss of Starz Kitchen	**739**	95

19. INVENTORIES

	2017	2016
	HK$'000	HK$'000
Food and beverage, and other operating item for restaurant operations	**184**	204
Others	**53**	42
	237	246

Inventories are expected to be recovered within one year. The inventories carried at net realisable value.

The cost of inventories of approximately HK$17,158,000 (2016: HK$27,255,000) are recognised as expenses for the year ended 31 March 2017.

20. TRADE RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	**629**	1,188
Less: Impairment loss recognised	**(1)**	–
	628	1,188

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 7 days after the service rendered date. The credit terms of the Group's trade receivables granted to airlines and other corporate customers are generally ranging from 1 day to 60 days. 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. Trade receivables are interest-free.

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	**281**	603
31-60 days	**178**	329
61-90 days	**122**	193
Over 90 days	**47**	63
	628	1,188

The movement in the allowance for doubtful debts during the reporting period is as follows:

	2017 HK$'000	2016 HK$'000
At the beginning of the reporting period	**–**	4
Impairment loss recognised	**1**	–
Amounts written-off as uncollectible	**–**	(4)
At the end of the reporting period	**1**	–

20. TRADE RECEIVABLES (CONTINUED)

Included in the allowance for doubtful debts are individually impaired trade receivable with balance of approximately HK$1,000 (2016: nil) which was past due. The individually impaired trade receivables relate to customers that were in default in principal payments and are considered irrecoverable.

The following is an aging analysis of trade receivables which are not individually nor collectively considered to be impaired:

	2017 HK$'000	2016 HK$'000
Neither past due nor impaired	**332**	702
One to three months past due	**287**	423
More than three months past due	**9**	63
	628	1,188

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Deposits paid	**4,250**	3,133
Prepayments	**397**	4,163
Other receivables	**176**	–
	4,823	7,296
Less: Current portion included in deposits, prepayments and other receivables	**(3,195)**	(6,059)
Non-current portion included in deposits paid	**1,628**	1,237

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

None of the above receivables is neither past due nor impaired. Financial assets included in the above balances related to receivables for which there was no recent history of default.

At 31 March 2016, Ms. Li Wing Yin, who is the spouse of Mr. Wong, a director of the Company, had provided guarantee with amount of HK$7,500,000 issued to one of the landlord of the Group for the rental deposits and the guarantee was released upon Listing.

22. AMOUNT DUE FROM AN ASSOCIATE/A JOINT VENTURE

Particular of the amount due from an associate/a joint venture is as follows:

	2017 **HK$'000**	2016 HK$'000
Amount due from an associate		
Wingo	**1,622**	34
Amount due from a joint venture		
Starz Kitchen	**500**	500

The maximum amount due from an associate/a joint venture during the year are as follows:

	During the year ended 31 March	
	2017 **HK$'000**	2016 HK$'000
Amount due from an associate		
Wingo	**1,622**	34
Amount due from a joint venture		
Starz Kitchen	**500**	500

The amount due from an associate/a joint venture is unsecured, interest-free and repayable on demand.

23. FIXED DEPOSITS

The effective interest rates on fixed deposits ranged from 0.68% to 1.28% and mature within nine months.

At 31 March 2017, fixed deposits with the amount of HK$7,500,000 was pledged for general banking facility to issue a guarantee to one of the landlord of the Group for the rental deposits.

24. CASH AND CASH EQUIVALENTS

	2017 HK$'000	2016 HK$'000
Cash and bank balances	**33,905**	16,857
Short-term time deposits maturing within three months	**42,532**	–
	76,437	16,857

Bank balances carry interest at floating rates and placed with creditworthy banks with no recent history of default. Short-term time deposits are made for varying periods of between one week and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates ranged from 0.65% to 1.00% per annum (2016: N/A).

At 31 March 2017, the Group's cash and bank balances denominated in USD, RMB and TWD is approximately HK$56,000, HK$40,000 and HK$18,000 (2016: HK$89,000, HK$89,000 and HK$48,000) respectively.

RMB is not a freely convertible currency in the People's Republic of China (the "**PRC**") and the remittance of funds out of the PRC is subject to the foreign exchange control promulgated imposed by the PRC government. The Group's cash and cash equivalents denominated in RMB are located in Hong Kong which is not subject to the foreign exchange control.

25. TRADE PAYABLES

The following is an aging analysis of trade payables, based on the invoice dates:

	2017 HK$'000	2016 HK$'000
0-30 days	**1,062**	1,340
31-60 days	**812**	406
61-90 days	**481**	76
Over 90 days	**241**	111
	2,596	1,933

The average credit period granted by suppliers ranging from 30 to 90 days

26. ACCRUALS AND OTHER PAYABLES

	2017 HK$'000	2016 HK$'000
Accruals	**8,423**	5,385
Receipt in advance	**456**	60
Other payables	**1,445**	1,528
	10,324	6,973

27. BANK BORROWINGS

	2017 HK$'000	2016 HK$'000
Unsecured bank borrowings	**702**	8,374
Bank overdraft	**–**	3
	702	8,377
Carrying amounts repayable:		
Bank borrowings and bank overdraft:		
Within one year	**702**	7,849
Carrying amounts of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayable on demand clause (shown under current liabilities)	**–**	528
	702	8,377

Bank overdraft carries 8% per annum over Best Lending Rate.

At 31 March 2017, the unsecured bank borrowings are interests bearing from 4.50% to 5.00% (2016: 4.25% to 5.25%) per annum and guaranteed by the Company.

At 31 March 2016, the unsecured bank borrowings with amount of approximately HK$6,626,000 have been provided personal guaranteed by Mr. Wong.

At 31 March 2016, the unsecured bank borrowings with amount of approximately HK$1,748,000 have been jointly guaranteed by Mr. Wong and Mr. Li Chi Keung.

Upon Listing, all the personal guarantees by Mr. Wong and Mr. Li Chi Keung were released.

28. OBLIGATION UNDER A FINANCE LEASE

The Group leased its motor vehicle under a finance lease. The lease term is 5 years. Interest rate underlying obligation under a finance lease at 1.99% per annum. The lease is on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable under a finance lease:				
Within one year	**307**	–	**256**	–
In the second to fifth years	**999**	–	**926**	–
	1,306	–	**1,182**	–
Less: Future finance charges	**(124)**	–	**–**	–
Present value of lease obligation	**1,182**	–	**1,182**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(256)**	–
Amount due for settlement after 12 months (shown under non–current liabilities)			**926**	–

At 31 March 2017, the Group's obligation under a finance lease is secured by the lessor's charge over the leased asset with the carrying amount of approximately HK$1,268,000 (2016: nil) (see note 16 to the consolidated financial statements).

29. SHARE CAPITAL

	2017 '000	2016 '000	2017 HK$'000	2016 HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At the beginning of the reporting period/ at the date of incorporation *(note (a))*	**38,000**	38,000	**380**	380
Increased on 21 July 2016 *(note (b))*	**19,962,000**	–	**199,620**	–
At the end of the reporting period	**20,000,000**	38,000	**200,000**	380
Issued and fully paid:				
At the beginning of the reporting period/ at the date of incorporation	**–**	–	**–**	–
Issue of shares under the capitalisation issue *(note (c))*	**1,500,000**	–	**15,000**	–
Issue of shares by way of placing *(note (d))*	**500,000**	–	**5,000**	–
Placing of new shares *(note (e))*	**202,800**	–	**2,028**	–
At the end of the reporting period	**2,202,800**	–	**22,028**	–

Notes:

(a) Upon incorporation of the Company on 19 August 2015, the authorised share capital of the Company at the date of its incorporation was HK$380,000 divided into 38,000,000 shares of HK$0.01 each with 1 ordinary share allotted and issued as fully paid.

(b) On 21 July 2016, Fortune Round Limited resolved to increase the authorised share capital of the Company from HK$380,000 to HK$200,000,000 by the creation of additional 19,962,000,000 ordinary shares, each carrying the same rights as the ordinary shares then in issue in all respect.

(c) On 8 August 2016, 14,999,999,998 ordinary shares of the Company were allotted and issued, credited as fully paid at par value of HK$0.01 to Fortune Round Limited, by way of capitalisation of approximately HK$15,000,000 from the share premium account. Such allotment and capitalisation were conditional on the share premium account being credited as a result of the new shares issued upon listing of the Company's shares on the GEM of the Stock Exchange.

(d) Upon Listing, 500,000,000 ordinary shares (at par value of HK$0.01 each) of the Company were allotted and issued pursuant to the placing of the shares of the Company at HK$0.15 per placing share 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 of the Company dated 1 August 2016.

(e) On 13 March 2017, the Company allotted and issued to not less than six placees, who were independent third parties, a total of 202,800,000 ordinary shares of nominal value of HK$0.01 each at the placing price of HK$0.15 per share, raising a net proceeds of approximately HK$29,840,000 with the net proceeds raised per the net placing price of HK$0.147. The net proceeds raised from the placing of new shares will be used for pursuing potential acquisition opportunities and general working capital of the Group.

30. COMMITMENTS

Capital commitments

	2017 HK$'000	2016 HK$'000
Authorised and contracted, but not provided for:		
— Purchase of intangible asset	**1,474**	–

Operating leases commitments

The Group as lessee

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

At the end of the 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	**17,243**	21,921
In the second to fifth years, inclusive	**18,798**	18,164
	36,041	40,085

In addition, the operating leases rentals for certain restaurants are based on the higher of a fixed rental and contingent rent based on the sales of these restaurants or monthly average number of passenger trips at Hong Kong International Airport ("**HKIA**") (where appropriate), whichever is higher, pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales of these restaurants and monthly average number of passenger trips at HKIA could not be reliably determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

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

31. DISPOSAL OF A SUBSIDIARY

Disposal of Sunny Echo Limited ("Sunny Echo")

On 31 August 2015, the Group entered into a sale and purchase agreement with a purchaser in which the Group is agreed to sell, and the purchaser is agreed to buy, the entire equity interest in Sunny Echo with total consideration of HK$1,450,000. Sunny Echo is engaged in casual dining food catering services. The disposal was completed on 30 October 2015. The net assets of Sunny Echo at the date of disposal were as follows:

Consideration transferred:

	HK$'000
Cash received	1,450

Analysis of assets and liabilities over which control was lost:

	HK$'000
Net assets over which control was lost:	
Property, plant and equipment	5,851
Inventories	29
Trade receivables	101
Deposits and prepayments	1,583
Cash and bank balances	118
Trade payables	(2,546)
Accruals and other payables	(4,322)
Net assets disposed of	814
Gain on disposal of Sunny Echo:	
Consideration received	1,450
Net assets disposed of Sunny Echo	(814)
Gain on disposal of Sunny Echo	636
Net cash inflow arising on disposal:	
Cash received	1,450
Less: Cash and bank balances disposed of	(118)
Net cash inflow arising on disposal	1,332

32. ACQUISITION OF ASSET THROUGH ACQUISITION OF A SUBSIDIARY

On 24 November 2015, the Group entered into a sale and purchase agreement, to acquire 50% equity interest of Royal Catering Management Limited (formerly known as Golden Royal Food Management Limited) ("**Royal Catering Management**") at total consideration of HK$1. Royal Catering Management is an investment holding company and its major asset is interest in Starz Kitchen, which engaged in provision of catering management and consultancy services. The acquisition was completed on the same date, upon completion of the acquisition, Royal Catering Management will become a wholly-owned subsidiary and ceased to be a joint venture of the Group.

The acquisition has been accounted for as an acquisition of asset. The effect of the acquisition is summarised as follows:

	HK$'000
Net assets acquired:	
Interest in a joint venture	54
Amount due from a joint venture	500
Accruals and other payables	(554)
Total consideration	–

The net cash outflow arising on acquisition is HK$1.

The acquisition of Royal Catering Management did not contribute any significant result or cash flow to the Group for the year ended 31 March 2016.

33. TRANSACTION WITH NON-CONTROLLING INTERESTS

On 6 July 2015, the Group further acquired one ordinary share in Deberie Investment Limited ("**Deberie**"), a non-wholly owned subsidiary of the Group, representing 33% of the equity interest of Deberie at a total consideration of HK$300,000, which is engaged in casual dining food catering services. As a result of the acquisition, the Group's shareholding in Deberie increased from 67% to 100%. The Group recognised an increase in non-controlling interests of approximately HK$185,000 and a decrease in equity attributable to owners of the Company of approximately HK$485,000.

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

(a) Statement of financial position of the Company

	2017 HK$'000	2016 HK$'000
Non-current asset		
Investment in a subsidiary	–	–
Current assets		
Deposits and prepayments	35	–
Amount due from a subsidiary	84,055	–
	84,090	–
Current liabilities		
Accruals and other payables	1,812	–
Amounts due to subsidiaries	9,005	4
	10,817	4
Net assets/(liabilities)	73,273	(4)
Capital and reserves		
Share capital	22,028	–
Reserves	51,245	(4)
Total equity	73,273	(4)

On behalf of board of directors:

Wong Man Wai
Director

Lam Wai Kwan
Director

34. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY (CONTINUED)

(b) Movement of reserves of the Company

	Share premium HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At the date of incorporation	–	–	–	–
Loss and total comprehensive loss for the period	–	–	(4)	(4)
At 31 March 2016 and at 1 April 2016	–	–	(4)	(4)
Loss and total comprehensive loss for the year	–	–	(24,458)	(24,458)
Issue of shares under the capitalisation issue	(15,000)	–	–	(15,000)
Issue of shares by way of placing	70,000	–	–	70,000
Placing of new shares	28,392	–	–	28,392
Share issuing expenses	(10,435)	–	–	(10,435)
Recognition of equity-settled share option expenses	–	2,750	–	2,750
At 31 March 2017	**72,957**	**2,750**	**(24,462)**	**51,245**

35. MATERIAL RELATED PARTY TRANSACTION

(a) Save as disclosed elsewhere in these consolidated financial statements, during the year, the Group carried out the following material transactions with its related parties:

	2017	2016
	HK$'000	HK$'000
Management fee income received from an associate	**408**	408
Purchase of food from a related company controlled by close family member of a director of the Company	**–**	1,450
Rental expense paid to a related company with a director of the Company has significant influence	**–**	509

At 31 March 2016, Mr. Wong, a director of the Company, had provided personal guarantee for bank borrowing without any charge and the personal guarantee is released upon the Listing.

At 31 March 2016, Ms. Li Wing Yin, who is the spouse of Mr. Wong, had provided personal guarantee with amount of HK$7,500,000 issued to one of the landlord of the Group for the rental deposit without any charge and the personal guarantee is released upon the Listing.

At 31 March 2016, Mr. Li Chi Keung, who is the father-in-law of Mr. Wong, had provided personal guarantee for bank borrowings without any charge and the personal guarantee is released upon the Listing.

(b) Compensation of key management personnel of the Group, including directors' of the Company remuneration as disclosed in note 11 to the consolidated financial statements, is as follows:

	2017	2016
	HK$'000	HK$'000
Salaries, allowance and benefits in kind	**3,327**	2,034
Equity-settled share option expenses	**2,750**	–
Retirement benefit schemes contributions	**75**	55
	6,152	2,089

(c) Details of the balances with related parties at the end of the reporting period are set out in note 22 to the consolidated financial statements.

36. SHARE OPTIONS

Pursuant to a resolution passed on 21 July 2016, a share option scheme (the "**Option Scheme**") was adopted by the Company.

The major terms of the Option Scheme are summarised as follows:

(i) The purpose is to attract and retain quality personnel and other persons to provide incentive to them to contribute to the business and operation of the Group.

(ii) The eligible person include full time or part time employees of the Group (including any director, whether executive or non-executive and whether independent or not, or consultant of the Company or any subsidiary or any entity in which the Group holds an equity interest); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, customers, licensees (including any sub-licensee), landlords or tenants (including any sub-tenants) of the Group or any invested entity or any person who, in the sole discretion of the board of directors, has contributed or may contribute to the Group.

(iii) The total number of shares in respect of which share options may be granted under the Option Scheme shall not exceed 10% of the issued shares capital of the Company at any point in time, without prior approval from the Company's shareholders. The number of shares which may be issued upon exercise of all outstanding share option granted and yet to be exercised under the Option Scheme and any other share option scheme shall not exceed 30% of the issued share capital of the Company from time to time.

(iv) The total number of shares issued and to be issued upon exercise of the share options granted to each participant or grantee (including exercised, cancelled and outstanding share options) in any 12-month period shall not exceed 1% of the shares in issue from time to time unless the same is approved by the shareholders.

(v) The total number of shares issued and to be issued upon exercise of the share options granted to each substantial shareholder (as defined in the GEM Listing Rules) of the Company or any of its respective associates or an independent non-executive director or any of his associates (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million, unless the same is approved by the shareholders.

(vi) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of offer for grant.

36. SHARE OPTIONS (CONTINUED)

The major terms of the Option Scheme are summarised as follows: (continued)

(vii) Save as determined by the board of directors provided in the offer of the grant of the relevant share options, there is no general requirement that a share option must be held for any minimum period before it can be exercised.

(viii) Offer of options shall be open for acceptance in writing or by telex received by the secretary of the Company for a period of 21 days inclusive of, and from, the date of grant.

(ix) The subscription price of a share option must be the highest of:

a. the closing price of a share of the Company on the Stock Exchange on the date of grant of the option;

b. the average closing price of a share of the Company from the 5 business days immediately preceding the date of grant of the option; and

c. the nominal value of a share of the Company on the date of grant of the option.

(x) The Option Scheme is effective for 10 years from the date of grant.

At the end of the reporting period, the number of shares in respect of which may be issued upon exercise of share options granted and remain outstanding under the Option Scheme and was 60,000,000 (2016: nil), representing 2.7% (2016: N/A) of the shares of the Company in issue at that date. At 31 March 2017, 60,000,000 share options were granted under the Option Scheme (2016: nil).

36. SHARE OPTIONS (CONTINUED)

Details of specific categories of options are as follows:

	Number of share options		
Exercisable period	**Outstanding at 1 April 2016**	**Granted during the year**	**Outstanding at 31 March 2017**
5 October 2016 to 4 October 2026			
Directors			
Chan Chak To Raymond	–	20,000,000	**20,000,000**
Lam Wai Kwan	–	20,000,000	**20,000,000**
	–	40,000,000	**40,000,000**
Other employee	–	20,000,000	**20,000,000**
Exercisable at the end of the reporting period	–	60,000,000	**60,000,000**
Weighted average exercise price	Nil	HK$0.163	**HK$0.163**

No share options were exercised or lapsed during the year ended 31 March 2017.

During the year ended 31 March 2017, share options were granted on 5 October 2016. The estimated fair value of the share options granted on this date is HK$2,750,000.

This fair value was calculated using the Binomial Tree method. The inputs in the method were as follows:

	Options grant on 5 October 2016
Grant date share price (HK$)	0.163
Exercise price (HK$)	0.163
Expected volatility (%)	33%
Expected life (years)	10 years
Risk-free rate (%)	1.03%
Expected dividend yield	0.77%

36. SHARE OPTIONS (CONTINUED)

Expected volatility was determined by the average of historical weekly volatilities of four comparable companies with similar business operation as at the valuation date, quoted from Bloomberg. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural consideration.

The closing price of the Company's shares immediately before the date of grant of share options on 5 October 2016 was HK$0.163 per share.

The Group recognised the total expense of approximately HK$2,750,000 for the year ended 31 March 2017 in relation to share options granted by the Company.

The Binomial Tree method has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

37. 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	Class of share	Issued and fully paid share capital	Proportion of ownership interest and voting power held by the Company 2017 %	2016 %	Principal activities
Airport Catering Services Company Limited	Hong Kong	Ordinary	HK$100	**100**	100	Provision of casual dining food catering services
Alliance Catering Company Limited ("**Alliance**")	Hong Kong	Ordinary	HK$100	**100**	N/A	Investment holding
Deberie	Hong Kong	Ordinary	HK$3	**100**	100	Provision of casual dining food catering services
Palace	Hong Kong	Ordinary	HK$1	**100**	100	Investment holding

37. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/country of incorporation	Class of share	Issued and fully paid share capital	Proportion of ownership interest and voting power held by the Company 2017 %	2016 %	Principal activities
Royal Catering Group Company Limited	Hong Kong	Ordinary	HK$1	**100**	100	Investment holding
Royal Catering Management	Hong Kong	Ordinary	HK$100	**100**	100	Investment holding
Royal HR Management Limited (formerly known as Shiny Asia Investment Limited)	Hong Kong	Ordinary	HK$1	**100**	100	Provision of human resources management services
Royal Time Enterprises Limited	Hong Kong	Ordinary	HK$2	**100**	100	Provision of food catering services
Simple Future Investment Limited	BVI	Ordinary	USD1	**100**	100	Investment holding
Top Future Management Limited	BVI	Ordinary	USD1	**100**	100	Holding of trademark
Victor Inc. Limited	Hong Kong	Ordinary	HK$100	**–**	60	Deregistered

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

Except for Simple Future Investment Limited is directly held by the Company, all other subsidiaries are indirectly held by the Company.

Non-controlling interests

The directors of the Company consider that the non-controlling interests of the Group during the reporting period were insignificant of 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 presented.

38. MAJOR NON-CASH TRANSACTIONS

The Group entered into the following major non-cash investing and financing activities, which were not reflected in the consolidated statement of cash flows:

(a) During the year ended 31 March 2017, the Group had acquired certain property, plant and equipment with the amount of approximately HK$1,398,000, of which the amount of HK$1,244,000 was placed under a finance lease arrangement.

(b) On 14 September 2015, the Group disposed of entire 20% equity interest in Friend Limited and a shareholder loan due by Friend Limited at a total consideration of HK$2,400,000. The consideration was settled against other borrowing due by the Group.

(c) During the year ended 31 March 2016, the Group declared and paid dividend with amount of HK$43,000,000. The dividend paid was settled against amount due from a director.

39. EVENTS AFTER THE REPORTING PERIOD

(a) On 31 May 2017, Alliance, a wholly-owned subsidiary of the Company and Du Hsiao Yueh (Hong Kong) Company Limited ("**DHY (HK)**") entered into a shareholder agreement, pursuant to which Alliance conditionally agreed to subscribe for, and DHY (HK) conditionally agreed to allot and issue of 5,400,000 subscription shares (the "**Subscription Shares**") at total consideration of HK$5,400,000 (the "**Subscription**"). The Subscription was completed on 13 June 2017. Upon completion of the Subscription, the Group held 60% equity interest in DHY (HK) and DHY (HK) becomes a non-wholly owned subsidiary of the Company. DHY (HK) is engaged in operation of restaurants and food outlets. The directors of the Company are still assessing the impact of the Subscription to the Group up to the date of this annual report. Details of the Subscription are set out in the Company's announcement dated 2 June 2017.

(b) On 13 June 2017, Palace, a wholly-owned subsidiary of the Company, subscribe Allianz US High Yield Share Class AM (HKD), a sub-fund of Allianz Global Investors Fund, which is constituted as an open ended investment company in Luxembourg at an aggregate subscription amount of HK$20,000,000 (the "**Subscription of Fund**"). Details of the Subscription of Fund are set out in the Company's announcement dated 14 June 2017.

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 June 2017.

FINANCIAL SUMMARY

For the year ended 31 March 2017

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:

Results

	Years ended 31 March			
	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**90,606**	125,502	141,259	121,791
(Loss)/profit before tax	**(14,154)**	15,295	24,333	14,590
Income tax expenses	**(691)**	(2,698)	(3,079)	(931)
(Loss)/profit for the year	**(14,845)**	12,597	21,254	13,659
(Loss)/profit for the year attributable to:				
Owners of the Company	**(14,845)**	12,619	21,213	13,637
Non-controlling interests	**–**	(22)	41	22
	(14,845)	12,597	21,254	13,659

Assets and liabilities

	At 31 March			
	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**110,726**	32,527	72,286	45,764
Total liabilities	**(15,228)**	(17,372)	(26,428)	(21,160)
Net assets	**95,498**	15,155	45,858	24,604
Equity attributable to:				
Owners of the Company	**95,498**	15,608	46,474	25,261
Non-controlling interests	**–**	(453)	(616)	(657)
	95,498	15,155	45,858	24,604

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