

TASTE • GOURMET
GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8371


2017/18
ANNUAL REPORT



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CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Ngai Shan *(Chairman)*
Ms. CHAN Wai Chun *(Chief Executive Officer)*

Independent non-executive Directors

Ms. CHAN Yuen Ting
Mr. TSANG Siu Chun
Mr. WANG Chin Mong

COMPLIANCE OFFICER

Mr. YU Man To Gerald Maximillian

AUTHORISED REPRESENTATIVES

Mr. WONG Ngai Shan
Mr. YU Man To Gerald Maximillian

COMPANY SECRETARY

Mr. YU Man To Gerald Maximillian *B.BUS, MBA, FCPA*

AUDIT COMMITTEE

Mr. WANG Chin Mong *(Chairman)*
Ms. CHAN Yuen Ting
Mr. TSANG Siu Chun

REMUNERATION COMMITTEE

Mr. TSANG Siu Chun *(Chairman)*
Ms. CHAN Yuen Ting
Mr. WANG Chin Mong
Mr. WONG Ngai Shan

NOMINATION COMMITTEE

Ms. CHAN Yuen Ting *(Chairman)*
Mr. TSANG Siu Chun
Mr. WANG Chin Mong

COMPLIANCE COMMITTEE

Ms. CHAN Yuen Ting *(Chairman)*
Mr. TSANG Siu Chun
Mr. WANG Chin Mong

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

COMPLIANCE ADVISER

Dongxing Securities (Hong Kong) Company Limited

REGISTERED OFFICE

Cricket Square, Hutchins Drive, PO Box 2681
Grand Cayman KY1-1111, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 24/F Crawford Tower
99–101 Jervois Street, Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

STOCK CODE

08371

COMPANY'S WEBSITE

www.tastegourmet.com.hk

HIGHLIGHTS

FINANCIAL SUMMARY

	For the year ended 31 March		
	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Results			
Revenue	163,431	198,568	**215,175**
Profit before taxation	21,285	25,854	**6,910**
Income tax expense	(2,407)	(4,087)	**(4,139)**
Profit for the year	18,878	21,767	**2,771**
Profit for the year attributable to:			
— Owners of the Company	12,001	14,214	**1,208**
— Non-controlling interests	6,877	7,553	**1,563**
Profit for the year	18,878	21,767	**2,771**
	HK cents	HK cents	**HK cents**
Earnings per Share			
— Basic	4.7	5.8	**0.4**

	As at 31 March		
	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Assets and Liabilities			
Total assets	52,614	60,196	**129,885**
Total liabilities	(26,400)	(42,721)	**(26,031)**
	26,214	17,475	**103,854**
Equity attributable to:			
— Owners of the Company	20,743	12,212	**103,854**
— Non-controlling interests	5,471	5,263	**–**
Total equity	26,214	17,475	**103,854**

The results for the three years ended 31 March 2018 have been prepared on a combined basis to indicate the results of the Group as if the Group structure, at the time when the Company's shares were listed on the Stock Exchange, had been in existence throughout the years concerned. The figures for the two years ended 31 March 2017 have been extracted from the Company's prospectus dated 29 December 2017.

HIGHLIGHTS

GEOGRAPHICAL COVERAGE

OUR RESTAURANT LEASES

Brand	# of Stores	Existing Location	Mall Operator	Lease Expiry Date	Option to Renew (Yrs)	Seats	FEHD Licensed Area (Sq M)
La'taste	5	Far East Finance Centre, Admiralty	Sino Group	14/10/2019	None	97	151.26
		Olympian City, Olympic	Sino Group	31/03/2019	None	62	91.82
		Kornhill Plaza, Quarry Bay	Hang Lung	18/10/2018	2	124	211.66
		Stanley Street	Street front	01/11/2018	3	94	146.79
		Grand Plaza, Mongkok	Hang Lung	31/10/2020	None	117	656.43
Nabe Urawa	4	Grand Plaza Mongkok	Hang Lung	31/10/2020	None	132	
		The One, TST	Chinese Estate	30/09/2019	3	104	215.36
		Hysan Place, CWB	Hysan	02/08/2020	3	142	300.24
		Uptown Plaza, Tai Po	Sun Hung Kai	28/02/2021	2	86	173.70
Urawa	1	Des Voeux Road West	Street front	31/05/2019	None	155	291.25
Fiat Caffe	1	Mira Place, TST	Henderson	02/06/2020	3	93	286.07
Say Cheese	1	Park Central, TKO	Sun Hung Kai	30/04/2021	2	80	144.31
Say Cheese Kiosk	2	Olympian City, Olympic	Sino Group	14/09/2021	None	16	34.75
		Metroplaza, Kwai Fong	Sun Hung Kai	26/11/2020	None	None	22.11
Dab-pa Bistro	1	Town Plaza, Tuen Mun	Sino Group	25/04/2021	None	92	165.12
Dab-pa Cuisine	1	Elements, ICC	MTR Corporation	31/07/2021	None	76	116.00
Sweetology	1	Metroplaza, Kwai Fong	Sun Hung Kai	05/11/2018	None	31	59.24

HIGHLIGHTS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE INFORMATION

Use of Resources

Water Consumption

72,000 Cubic Metres

Electricity Consumption

3,103,000 Kilowatt Hours

Gas Consumption

3,191,000 Megajoules

Emission Data

Food Waste Disposal — Non-Hazardous

1,296,000 kg

Cooking Oil Waste Disposal — Non-Hazardous

26,600 kg

CO_2 Emission

3,975,000 Kg

NO_x Emission

273,000 Kg

SOx Emission

6,500 Kg

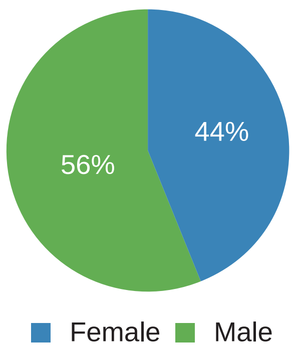
PM Emission

310 Kg

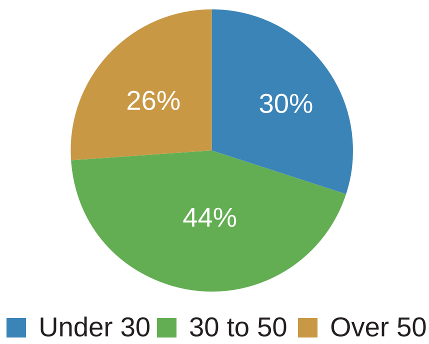
HIGHLIGHTS

Staff Profile

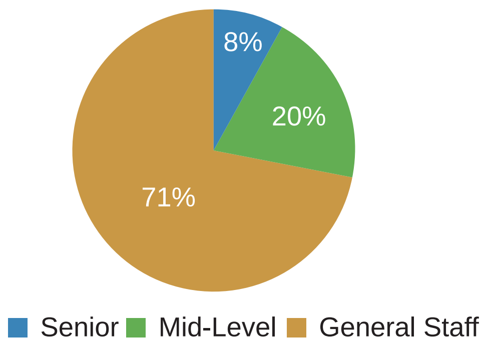
By Gender



By Age Group

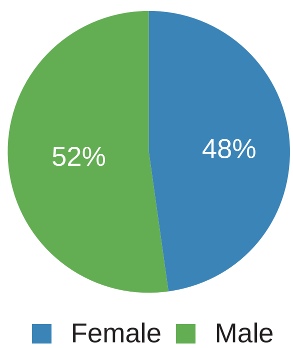


By Category

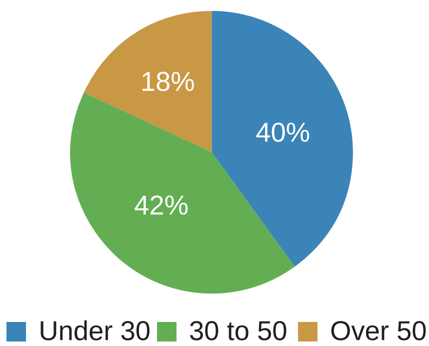


New Hires

By Gender



By Age Group



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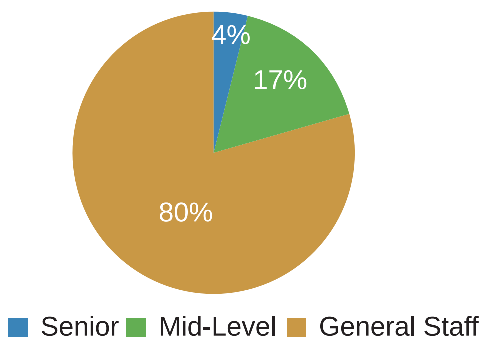

HIGHLIGHTS

Awards

Food Waste Reduction Award

Industry Recognition Award

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Taste • Gourmet Group Limited (the "**Company**") and its subsidiaries (together the "**Group**"), I am pleased to present the annual results of the Company for the year ended 31 March 2018.

BUSINESS REVIEW

The Company has been adhering to the strategy of having a diversified customer base. In past years, we have successfully adopted a multi-brand business model and benefited from a diversified income stream. With the establishment of the Say Cheese brand during the year, the acquisition of Sweet-o-logy, a brand principally engaged in the sales of dessert in April 2018 and the establishment of the Dab-Ga Jing Chuan Hu brand in May 2018, our business was further expanded. The Company will continue to uphold its principle of providing our diversified customer base with a satisfying experience through quality dishes and attentive services at an affordable price.

I fully understand that good corporate governance is the only way to achieve our core values of "Food Quality and Customer Satisfaction". This is the cornerstone of our Company's philosophy. We will therefore be able to leverages our corporate management ideology and methods to enhance our core competitiveness, sustainability and development at any given time and situation. With the improved capability of the central kitchen established in April 2018, the Directors believe that the Company can better control costs as well as the provision of consistent quality food to our restaurants.

EMBRACING NEW OPPORTUNITIES

With the increasing popularity of e-commerce, the Company sees huge potential in its adoption through cooperation with online delivery platform and the introduction of alternative payment system to provide more convenience to our customers. Meanwhile, we continue to explore the possibility of establishing a mobile and interactive membership system. We believe that the organic integration of online and offline platforms can help to target our sales and marketing strategy more comprehensively and aggressively in order to increase per customer average spending, making continuous contribution to the Company's expansion and consolidation of our income stream.

OUTLOOK

In the past year, benefited from the recovery in the number of Hong Kong visitors and consumption sentiment, local retail market has shown signs of recovery. In 2017, the overall number of Hong Kong visitors was 58,472,000 a year-on-year increase of 3.2%, of which the number of mainland visitors was 44,445,000, an increase of 3.6% from the previous year. The Tourism Board anticipated that the overall number of Hong Kong visitors will reach 60,558,000 in 2018, a year-on-year increase of 3.6%, 46,221,000 of which will be from Mainland China, an increase of 4.0% as compared to the previous year. The Company believes that the catering industry will benefit significantly.

Whether its the "One Belt One Road" initiatives promoted by China or the Guangdong-Hong Kong-Macao Bay Area Development launched under the "13th Five Year Plan", interaction between countries and people within the region will increase. Together with the opening of the Hong Kong-Zhuhai-Macau Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the outlook for the Hong Kong catering industry cannot be any brighter.

In the coming year, the market will enjoy a bright and positive outlook. We will maintain our prudent management approach as the foundation of our long term strategy. Due to the turnaround of business environment, we believe the Company will be able to maintain a stable performance in the future and create value to the shareholders of the Company in the long run.

CHAIRMAN'S STATEMENT

APPRECIATION

Lastly, on behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to customers, shareholders, suppliers and business partners for their support and trust to the Company, and to express my gratitude to all of our staffs for their dedication and contribution to our success. We will continue to grasp every opportunity and endeavor to strive for the greatest value for our shareholders.

WONG Ngai Shan
Chairman and Executive Director

Hong Kong, 14 June 2018

CEO REPORT

BUSINESS REVIEW

Restaurant Network

During the year ended 31 March 2018, the Group continued to capture a larger market share in the mid-to-high-end market segment by opening (i) Nabe Urawa Restaurant in Hysan Place in Causeway Bay ("**TNC**") in September 2017; (ii) a restaurant under our new brand "Say Cheese" offering western light meal in Park Central ("**TST**"), Tseung Kwan O in November 2017; and (iii) two "Say Cheese" kiosks offering western light meal in Olympian City, West Kowloon ("**TSO**") and in Metroplaza, Kwai Fong ("**TSM**") in December 2017. Subsequent to 31 March 2018, we have opened our fourth Nabe Urawa restaurant in the Uptown Plaza in Tai Po in April 2018 ("**Uptown Nabe Urawa**") and our Dab-Pa Jing Chuan Hu in the Metroplaza in Kwai Fong ("**Metroplaza Dab-Pa**") is scheduled to open at the end of June 2018. In addition, we have also entered into lease agreements to open one Dab-pa restaurant in the Citygate in Tung Chung in the fourth quarter of 2018 and one Nabe Urawa restaurant in Park Central in Tseung Kwan O also in the fourth quarter of 2018.

The number of restaurants as at 31 March 2017, 31 March 2018 and as at the date of this report are as follows:

Restaurant	31 March 2017	**31 March 2018**	**Date of Report**
La'taste	5	**5**	**5**
Nabe Urawa	2	**3**	**4**
Dab-Pa	2	**2**	**2**
Say Cheese Kiosk	–	**2**	**2**
Fiat Caffé	1	**1**	**1**
Say Cheese	–	**1**	**1**
Sweetology	–	**–**	**1**
Urawa	1	**1**	**1**
Total	11	**15**	**17**

Please refer to the Lease Summary Table on page 6 of this annual report for details of our restaurants.

Details of the committed leases are as follows:

Restaurant	Location	Mall Operator	Lease Expiry Date	Option to Renew (Yrs)	Expected Commencement Date	Seats	Site Area (Sq M)
Dab-pa Jing Chuan Hu	Metroplaza, Kwai Fong	Sun Hung Kai	15/05/2024	None	Q2 2018	180	372.26
Dab-pa	Citygate, Tung Chung	Swire Group	30/09/2023	None	Q4 2018	120	236.90
Nabe Urawa	Park Central, TKO	Sun Hung Kai	31/08/2022	2	Q4 2018	140	306.58

Acquisitions

Sweetology

On 26 March 2018, we entered into an agreement to acquired Sweetology (the "**Sweetology Acquisition**"), a dessert restaurant with a limited choice of food offering such as pasta and all-day breakfast, from an independent third party (the "**Vendor**"). The Sweetology Acquisition was completed on 1 April 2018 which included the transfer of the Light Refreshment Restaurant Licence, all fixtures and equipment, and the trademark registration of Sweetology in Hong Kong. The approximate size of the site at Metroplaza is 637.65 sq.ft. with 45 seats. Operated by one of the major property developer and operator of premium shopping malls in Hong Kong (the "**Metroplaza Landlord**"), Metroplaza is located adjacent to the Kwai Fong MTR Station and is one of the busiest shopping malls in the region. The current lease will expire on 5 November 2018 and the renewal of which will be subject to further negotiation with the Metroplaza Landlord, however the current lease has been transferred to the Group.

We believe that the acquisition of Sweetology will enhance our dessert offerings across all our restaurants as both western style and Chinese style desserts are currently offered by Sweetology. Minimal costs on the improvement works have been incurred in the refreshment of Sweetology.

Central Kitchen

Included in the Sweetology Acquisition was the transfer of a Food Factory Licence and related furniture, fixtures and equipment from the Vendor (the "**Transfer**") at a location in Kwai Fong (the "**Central Kitchen Property**") which was operated as a central kitchen by the Vendor prior to the Transfer. The Central Kitchen Property is approximately 1,289.62sq.ft. and it is jointly owned by Mr. Wong Ngai Shan ("**Mr. Wong**") and Ms. Chan Wai Chun ("**Ms. Chan**"), both are Directors and the beneficial owner of IKEAB Limited, the substantial shareholder holding approximately 62.375% interest in the shares of the Company, therefore Mr. Wong and Ms. Chan (together the "**Central Kitchen Landlord**") are connected persons as defined in Rule 20.07 of the Rules Governing the Listing of Securities on GEM ("**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). On 26 March 2018, the Group entered into a lease agreement with the Central Kitchen Landlord for a duration of one year commencing 1 April 2018 at HK$24,000 per month (the "**Central Kitchen Lease Agreement**") which was determined through arm's length negotiations with reference to the market rent for similar properties within the vicinity of the Central Kitchen Property at the time when the lease agreement is entered into.

The annual rental amount payable under the Central Kitchen Lease Agreement is HK$288,000 for the year ended 31 March 2019. The applicable percentage ratio (as defined in the GEM Listing Rules) calculated with reference to the annual rental payable under the Central Kitchen Lease Agreement exceeds 0.1% but less than 5%, and the annual rental payable will not exceed HK$3,000,000. Therefore, the transaction contemplated under the Central Kitchen Lease Agreement constitutes a de minimis continuing connected transaction for our Company pursuant to the GEM Listing Rules, which is exempted from reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 20 of the GEM Listing Rules.

We believe that the Central Kitchen will enable the Group to better control our procurement costs as well as staff costs. In addition, the Group will be able to provide a more consistent quality of our food products across our restaurants. We have incurred approximately HK$0.3 million on the improvement works at the Central Kitchen.

Consideration for the Sweetology Acquisition and the Transfer

The total consideration for the Sweetology Acquisition and the Transfer of HK$200,000 was determined through arm's length negotiations with reference to the net assets value of the Sweetology Acquisition. For details of the Sweetology Acquisition and the Transfer, please refer to the voluntary announcement issued by the Company dated 26 March 2018.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Other than the Sweetology Acquisition, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2018.

Restaurant Operations

During the year ended 31 March 2018, a total of 1,429,526 customers patronised our restaurants, an increase of 42,120 customers or 3.0% when compared to the year ended 31 March 2017. The average spending per customer increased from HK$143.1 to HK$150.5. The key operating information by brand are summarised as follows:

	Year Ended 31 March									
	2018					2017				
	Number of Seats	Average Daily Sales HK$	Number of Customers	Average Spending per Customer HK$	Daily Seating Turnover Rate	Number of Seats	Average Daily Sales HK$	Number of Customers	Average Spending per Customer HK$	Daily Seating Turnover Rate
Vietnamese	**494**	**193,601**	**687,291**	**102.0**	**3.8**	494	196,454	695,433	102.5	3.9
Japanese	**533**	**289,240**	**395,778**	**237.1**	**2.3**	581	264,826	398,106	198.4	2.3
Chinese	**168**	**102,397**	**227,749**	**164.1**	**3.7**	168	111,647	224,917	166.2	4.0
Western	**189**	**62,474**	**118,708**	**116.9**	**2.8**	93	30,034	68,950	158.1	2.0
	1,384	**647,712**	**1,429,526**	**150.5**	**3.1**	1,336	602,961	1,387,406	143.1	3.2

We strive to uphold our core values of "Food Quality and Customer Satisfaction" through providing to our diversified customer base a pleasant experience with quality dishes and attentive services at affordable price. We believe our multi-brand strategy enables us to capture a diversified group of customers with different taste and allow us to benefit from a wide source of revenue. Given the dynamic market and changing taste of customers in general, we endeavour to maintain a diversified portfolio of brands in order to maintain our competitiveness towards our customers.

CEO REPORT

Share Offer

On 17 January 2018 (the "**Listing Date**"), the Company's Shares were successfully listed on GEM at HK$0.92 per share (the "**Share Offer**"). The Company issued 100,000,000 shares under the Share Offer raising net proceeds of approximately HK$66.8 million after deducting the underwriting fees and other related expense (the "**Net Proceeds**"). The Net Proceeds will be applied as follows:

- Approximately HK$45.5 million, representing approximately 68.0% of the Net Proceeds will be used for the setup of new restaurants;
- Approximately HK$8.0 million, representing approximately 12.0% of the Net Proceeds will be used for upgrading our existing restaurants by way of renovation and refurbishment;
- Approximately HK$0.3 million, representing approximately 0.5% of the Net Proceeds will be used for upgrading our information technology system;
- Approximately HK$6.7 million, representing approximately 10.0% of the Net Proceeds will be used for repayment of bank loans; and
- Approximately HK$6.3 million, representing approximately 9.5% of the Net Proceeds will be used for working capital and general corporate purposes.

Future Plans

The following is a comparison of the Group's business plan as set out in the prospectus issued by the Company dated 29 December 2017 (the "**Prospectus**") with actual business progress for the period from the Listing Date to 31 March 2018:

Business Strategies	Business plan up to 31 March 2018 as set out in the Prospectus	Actual progress up to 31 March 2018
Expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong	Set up new restaurants in Hong Kong, which will incur rental, utilities and management fee deposits for the one Nabe Urawa Restaurant in the New Territories and one Dab-Pa Restaurant in the New Territories	Rental, utilities and management fee deposits paid for Uptown Nabe Urawa. Rental, utilities and management fee deposits for Metroplaza Dab-Pa was not paid until April 2018
Enhance our brand recognition through raising our service levels on a continual basis, the increase of marketing initiatives and renovation of our restaurants	Renovation and refurbishment of the Urawa Restaurant	Renovation and refurbishment of the Urawa Restaurant commenced at the end of the period

Metroplaza Dab-Pa

Metroplaza Dab-Pa was originally planned for the first quarter of 2020 (project number 9 under the "Business" section on page 95 of the Prospectus); however, the site became available during the year and the Board decided to take up the Lease as it is located in one of the busiest shopping malls operated by one of the major property developer and operator of premium shopping malls in Hong Kong. The lease is for 6 years (the expected lease term was disclosed as 4 years in the Prospectus).

The approximate size of the site is 4,000 sq.ft. (the approximate size of the site was originally estimated to be 3,500 sq.ft. as disclosed in the Prospectus) which is expected to accommodate around 180 seats (the seating was originally estimated to be 150 as disclosed in the Prospectus). The new restaurant is expected to commence operations in June of this year and the estimated investment cost is approximately HK$7,000,000 (the estimated investment cost was originally estimated to be HK$6,300,000 as disclosed in the Prospectus), which will be funded from the Net Proceeds. The larger site area is the reason for the higher investment cost as compared to the original estimate of HK$6,300,000 and the higher investment cost for this Dab-Pa restaurant would result in the decrease in funds available from Net Proceeds from the Share Offer for other projects listed on pages 94 and 95 of the Prospectus (the "**Other Projects**"). However, the Board believes that internal resources of the Group will be sufficient to fund the Other Projects.

Urawa Renovation

Renovation and refurbishment at our Urawa Japanese Restaurant was carried out over a five-day period during the Easter Holidays in 2018.

Use of Proceeds

The Net Proceeds from the Listing Date to 31 March 2018 had been applied as follows:

	Planned use of Net Proceeds from Listing Date to 31 March 2018 HK$ million (Note 1)	Actual use of Net Proceeds from Listing Date to 31 March 2018 HK$ million
Expand our restaurants in Hong Kong — Uptown Nabe Urawa Restaurant	**2.0**	**3.2**
Renovation of our existing — Urawa Restaurant	**0.3**	**0.3**
Repayment of Bank Loans	**6.6**	**6.6**
Upgrading our information technology system	**—**	**—**
Working Capital	**5.0**	**5.0**
	13.9	**15.1**

Note 1: The breakdown of the planned use of Net Proceeds has been adjusted based on the total Net Proceeds of HK$66.8 million and in the same proportions allocated to each of its usage as disclosed in the Prospectus.

Uptown Nabe Urawa

The estimated investment cost including rental, utilities and management fee deposits for the Uptown Nabe Urawa project disclosed as project number 4 under the "Business" section on page 95 of the Prospectus was approximately HK$4.5 million (the "**Estimated Investment Cost**"). Approximately HK$2.0 million of the payment of the Estimated Investment Cost was initially planned for the period from the Listing Date to 31 March 2018 with the remaining HK$2.5 million to be paid during the period from 1 April 2018 to 30 September 2018. As the lease for the Uptown Nabe Urawa commenced on 1 March 2018, the majority of the renovation works were carried out during the month of March, resulting in the payment of approximately HK$3.2 million during the period from the Listing Date to 31 March 2018 with the remaining balance to be paid during the period from 1 April 2018 to 30 September 2018. However, the total investment cost for the Uptown Nabe Urawa project was approximately HK$3.8 million, slightly below the Estimated Investment Cost.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2018, the Group recorded revenue of HK$215,175,000, representing an increase of 8.4% when compared to the year ended 31 March 2017.

We derive our revenue from the sale of food and beverages at our restaurants in Hong Kong. The following tables sets forth the breakdown of our revenue by cuisine during the relevant years.

	Year Ended 31 March			
	2018 HK$'000	**% of total revenue**	2017 HK$'000	% of total revenue
Vietnamese	**70,075**	**32.6%**	71,297	35.9%
Japanese	**93,847**	**43.6%**	78,992	39.8%
Chinese	**37,375**	**17.4%**	37,377	18.8%
Western	**13,878**	**6.4%**	10,902	5.5%
Total revenue	**215,175**	**100.0%**	198,568	100.0%

The increase in revenue is attributable to the opening of: (i) TNC at the end of September 2017; (ii) TST in November 2017; (iii) TSO and TSM in December 2017; and (iv) the additional revenue reflecting a full year of operation of the Dab-pa restaurant in Tuen Mun which opened in the second quarter of 2016 and the Nabe Urawa in The One which opened in the fourth quarter of 2016. However, such increases were offset by the closure of the Tsuen Wan Urawa in the first quarter of 2017.

Major Cost Components

	Year ended 31 March				Changes
	2018 HK$'000	% of Revenue	2017 HK$'000	% of Revenue	
Raw materials and consumables used	**59,455**	**27.6%**	54,584	27.5%	8.9%
Staff costs	**68,361**	**31.8%**	64,642	32.6%	5.8%
Depreciation	**6,245**	**2.9%**	5,191	2.6%	20.3%
Property rentals and related expenses	**37,935**	**17.6%**	32,093	16.2%	18.2%
Utilities and cleaning expenses	**7,810**	**3.6%**	7,106	3.6%	9.9%

For the year ended 31 March 2018, raw materials and consumables used, staff costs, depreciation, property rentals and related expenses and utilities and cleaning expenses have recorded increases of 8.9%, 5.8%, 20.3%, 18.2% and 9.9%, respectively when compared to the same period in 2017. As a percentage of revenue, raw materials and consumables used, depreciation and utilities and cleaning expenses have remained quite stable during the two years.

Raw materials and consumables used

The increase in raw materials and consumables used in when compared to the same period to the year ended 31 March 2017 is in-line with the increase in revenue for reasons discussed above.

Staff costs

Staff costs increased by 5.8% when compared to the year ended 31 March 2017 primarily due to the closure of the Tsuen Wan Urawa in the first quarter of 2017 but offset by the increase of staff costs for new outlets opened during the year and new outlets that opened in 2016 having a full year of operations during the current year. The number of staff required for Nabe Urawa and Say Cheese are less compared to our traditional Urawa restaurant which is evident in our staff costs as a percentage of revenue. Staff costs as a percentage of revenue decreased from 32.6% for the year ended 31 March 2017 to 31.8% for the year ended 31 March 2018.

Depreciation

Depreciation increased by 20.3% when compared to the year ended 31 March 2017 was primarily due to the opening of four new restaurants during the year ended 31 March 2018 compared to two new openings during the year ended 31 March 2017. However, the increase in depreciation was offset by the closure of Tsuen Wan Urawa in the first quarter of 2017.

Property rentals and related expenses

Property rentals and related expenses increased by 18.2% and slightly increased as a percentage of revenue when compared to the year ended 31 March 2017. The increase is primarily due to the opening of four new restaurants during the year ended 31 March 2018 compared to two new openings during the year ended 31 March 2017, however, the increase was offset by the closure of Tsuen Wan Urawa in the first quarter of 2017. The reason for the slight increase as a percentage of revenue was due to amortisation of the deferred rent to the income statement during the rent-free periods prior to their respective commencement of operations without having any corresponding revenue.

Utilities and cleaning expenses

The increase in utilities and cleaning expenses when compared to the year ended 31 March 2017 is in-line with the increase in revenue for reasons discussed above.

Other expenses

	Year ended 31 March				Changes
	2018 HK$'000	% of total	2017 HK$'000	% of total	
Accounting fee	–	0.0%	185	2.0%	(100.0%)
Advertising	157	1.4%	203	2.2%	(22.7%)
Auditor's remuneration	1,380	12.1%	215	2.4%	541.9%
Air-conditioning fee	496	4.4%	511	5.7%	(2.9%)
Credit card charges	2,466	21.7%	2,146	23.8%	14.9%
Delivery charges	1,354	11.9%	980	10.9%	38.2%
Entertainment	472	4.2%	744	8.2%	(36.6%)
Insurance	715	6.3%	547	6.1%	30.7%
Legal and professional fees	1,259	11.1%	194	2.1%	549.0%
Licence fee	69	0.6%	105	1.2%	(34.3%)
Printing and stationery	338	3.0%	560	6.2%	(39.6%)
Repairs and maintenance	1,391	12.3%	1,852	20.5%	(24.9%)
Shop reinstatement costs	175	1.5%	63	0.7%	177.8%
Telephone and fax	127	1.1%	111	1.2%	14.4%
Transportation	64	0.6%	114	1.3%	(43.9%)
Others	889	7.8%	497	5.5%	78.9%
	11,352	100.0%	9,027	100.0%	

Other expenses include items such as advertising expenses, credit card charges, delivery fees, entertainment expenses, insurance, printing and stationery, medical expenses and repairs and maintenance. Other expenses amounted to HK$11,352,000 and accounted for 5.3% of revenue for the year ended 31 March 2018 and HK$9,027,000 and accounted for 4.5% of revenue for the year ended 31 March 2017. The increase was primarily due to general increase in expenses such as credit card charges, delivery charges and shop reinstalment costs as more restaurants were in operations during the year and increase in expenses directly attributable to the compliance costs on maintaining the listing of the Company's shares on GEM such as legal and professional fees and auditor's remuneration.

There were also decrease in repairs and maintenance, entertainment and printing and stationery expenses due to better cost control.

Listing expenses

Total expenses incurred in relation to the Share Offer amounted to approximately HK$25,239,000 for the year ended 31 March 2018 (2017: Nil), of which approximately HK$16,847,000 were expensed to the income statement ("**Listing Expenses**") with the remaining HK$8,392,000 capitalised in the share premium reserve of the Company.

Taxation

Taxation amounted to HK$4.1 million for the year ended 31 March 2018, which was the same as the previous year. The effective tax rate has increased significantly from 15.8% for the year ended 31 March 2017 to 59.9% for the year ended 31 March 2018. The effective tax rate, adjusted for Listing Expenses, which is not deductible for tax purpose, for the year ended 31 March 2018 was 17.4%. The Group's subsidiaries are subject to a tax rate of 16.5%.

Net Profit and Profit Attributable to Owners of the Company

For the year ended 31 March 2018, net profit and profit attributable to owners of the Company, adjusted for the impact of Listing Expenses, amounted to HK$19,618,000 and HK$18,055,000, respectively, representing a decrease of HK$2,149,000 and an increase of HK$3,841,000 or 9.9% and 27.0%, respectively when compared to the year ended 31 March 2017. The main reason for the decrease in the net profit was due to increase in expenses directly attributable to the compliance costs on maintaining the listing of the Company's shares on GEM such as legal and professional fees and auditor's remuneration. The reason for the increase in profit attributable to owners of the Company was due to the decrease in the non-controlling interests of the subsidiaries.

For the year ended 31 March 2018, the net profit margin adjusted for the impact of Listing Expenses was 9.1%, representing a decrease of 1.9 percentage points when compared to the 11.0% recorded for the year ended 31 March 2017. The reason for the decrease is directly attributable to the compliance costs on maintaining the listing of the Company's shares on GEM such as legal and professional fees and auditor's remuneration.

Financial Resources and Position

As at 31 March 2018, total borrowings amounted to HK$4.5 million, representing a decrease of HK$7.9 million or 63.8% compared to the year ended 31 March 2017. The outstanding bank loan carries variable-rate at Hong Kong Dollar Best Lending Rate less 2.20% per annum and was secured by leasehold land and buildings owned by the Controlling Shareholders, guarantees given by the Controlling Shareholders and blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Company which was subsequently replaced by the corporate guarantee of the Company. During the year, approximately HK$6.6 million of the Net Proceeds was used to repay our outstanding bank loans with the remaining HK$1.3 million repayment funded with internal resources of the Group.

As at 31 March 2018, obligations under finance leases amounted to approximately HK$0.6 million which are secured by two motor vehicles of the Company with a net book value of approximately HK$1.1 million.

CEO REPORT

Cash and cash equivalents amounted to approximately HK$78.4 million as at 31 March 2018 which are mostly denominated in HK$. As the Group's businesses are conducted in Hong Kong, therefore the Group does not expect to be exposed to any material foreign exchange risks.

As at 31 March 2018, the Group had a current ratio of 3.7 times and net cash position (net debt divided by equity attributable to owners of the company plus net debt).

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including market risk, credit risk and liquidity risk. The risk management policies and practices of the Group are stated in notes 29 and 30 to the consolidated financial statements in this annual report.

Staff Training and Development

As at 31 March 2018, the Group had a total of 259 employees, all of whom are situated in Hong Kong. In addition to offering competitive remuneration packages to employee discretionary bonuses, share options may also be granted to eligible employees based on individual performance.

The Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics, determined the emoluments of the Directors. None of the Directors or any of his/her associates, and executive, is involved in dealing in his/her own remuneration.

Contingent Liabilities

As at 31 March 2018, the Group did not have any significant contingent liabilities (2017: Nil).

Capital Commitments

As at 31 March 2018, the Group's outstanding capital commitments was approximately HK$549,000 (2017: Nil).

Final Dividend

The Board recommended the payment of a final cash dividend out of the share premium account under reserves of the Company of HK$0.022 per Share (2017: Nil) to Shareholders whose names are on the register of members of the Company on 8 August 2018, which is subject to the approval by the Shareholders at the annual general meeting of the Company on 30 July 2018 or any adjournment thereof (the "**AGM**") and compliance with the Companies Law of the Cayman Islands.

It is expected that the cheques for cash dividends will be sent by ordinary mail to the Shareholders at their own risk on or about 28 August 2018.

As committed in the Prospectus, an annual dividend will be paid to our Shareholders at a ratio of not less than 30% of profit attributable to Shareholders (the "**Dividend Pay-out Ratio**"). Any amount of dividends to be declared and paid by our Company in excess of the 30% ratio will be at the discretion of our Directors taking into consideration our future operations and earnings, our business development, capital requirements and surplus, general financial conditions, contractual restrictions and such other factors as our Directors consider appropriate. In light of the one-off Listing Expenses, the Directors have calculated the Dividend Pay-out ratio after adjusting for the Listing Expenses. The profit attributable to Shareholders after adjusting for Listing Expenses amounted to HK$18,055,000 and based on the estimated dividend amount of HK$8,800,000, the adjusted Dividend Pay-out Ratio is 48.7%.

FUTURE PROSPECTS

The food and beverage sector in Hong Kong, although competitive, has ample opportunities for the better operators. With the larger landlords investing heavily in the refurbishment of their shopping malls in recent years and the opening of new shopping malls planned for the next couple of years, our multi-branding strategy is poised to take advantage of the site locations that may become available by offering mall operators with a diverse portfolio of restaurants to fit their profile. In addition, with the completion of the construction of the mega infrastructure projects in Hong Kong such as the high-speed rail terminus and the Hong Kong, Macau and Zhuhai bridge, we believe we will also benefit from the increase in tourists from these two routes.

We believe value-for-money is the key to our success, customers need to feel that they are getting their money's worth of quality food as well as high standard of services, but we will not rest on our laurels and will continue to improve our food quality and services.

As for our expansion, in addition to the three committed new restaurants discussed above, we are actively in discussion with shopping mall landlords for new potential locations.

Chan Wai Chun
Chief Executive Officer and Executive Director

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. WONG Ngai Shan *(Chairman)*

Mr. Wong, aged 43, is one of the co-founders of our Group. He is responsible for our Group's overall corporate strategies, management, business development, project planning and implementation. He has assumed a leading role in our management and is responsible for formulating business direction of our Group. Mr. Wong is a member of the remuneration committee of the Company.

Mr. Wong graduated from the City University of Hong Kong with a Higher Diploma in Accountancy and became an associate of the Association of Chartered Certified Accountants and is a Certified Public Accountant (CPA) of The Hong Kong Institute of Certified Public Accountants. Mr. Wong has over 14 years of accounting and finance experience and has worked as an auditor for Deloitte Touche Tohmatsu and as the financial controller of a company in the coating industry.

Mr. Wong started investing in the food and beverage business since 2006 and is familiar with industry trends, market behaviour, customer and supplier impact and dealing with competitions and other operational challenges. He has obtained the Basic Food Hygiene Certificate for Hygiene Managers.

Mr. Wong is the spouse of Ms. CHAN Wai Chun. He is also a director of all members of our Group.

Ms. CHAN Wai Chun *(Chief Executive Officer)*

Ms. Chan, aged 41, is one of the co-founders of our Group. She is responsible for the overall day to day operation and management of our business, overseeing menu design, accounting, internal control, human resources, and staff training.

Ms. Chan holds a Postgraduate Diploma in Education (Primary) from the Hong Kong Institute of Education and a Bachelor of Science degree from The University of Hong Kong. Ms. Chan obtained the Certificate of Registration as a Teacher under the Education Ordinance . She also obtained the Certificate in Food Hygiene for Hygiene Supervisor.

Ms. Chan has over ten years of experience in the food and beverage industry. She worked as a teacher in Hong Kong for seven years before joining our Group.

Ms. Chan is the spouse of Mr. Wong Ngai Shan. She is also a director of all members of our Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. CHAN Yuen Ting

Ms. Chan, aged 44, was appointed as an independent non-executive Director of our Company on 20 December 2017. She is the chairman of the nomination committee and compliance committees and a member of the audit committee and remuneration committee of the Company.

Ms. Chan is currently the head of legal and company secretary of NWS Transport Services Limited, its subsidiaries and associated companies. Ms. Chan holds a Bachelor's degree of Social Science from The Chinese University of Hong Kong, a Master's degree in Arts, major in Public Administration and Public Policy from the University of York in the United Kingdom and a Master's degree of Law, major in International Trade and Commercial Law from the University of Durham in the United Kingdom. She was granted the award of Postgraduate Diploma of the Manchester Metropolitan University in the United Kingdom having followed an approved programme in English and Hong Kong Law (Common Professional Examination) at The University of Hong Kong (Space). Ms. Chan obtained the Postgraduate Certificate in Laws from The University of Hong Kong. She was admitted as a solicitor in Hong Kong in November 2008 and is a member of the Law Society of Hong Kong.

Ms. Chan has over 11 years of legal and compliance experience. She has worked for Philip KH Wong, Kennedy YH Wong & Co. Solicitors & Notaries. She has served as a legal counsel of NWS Transport Services Limited for over 4 years.

Mr. TSANG Siu Chun

Mr. Tsang, aged 62, was appointed as an independent non-executive Director of our Company on 20 December 2017. He is the chairman of the remuneration committee and a member of the audit committee, nomination committee and compliance committee of the Company.

Mr. Tsang holds a Bachelor's degree in Arts from the University of Toronto.

Mr. Tsang serves as the managing director of An Seng Enterprises Limited which is principally engaged in the manufacturing and sales of furniture and home decoration products and the managing director of Chan Seng Yee Estates Ltd which is principally engaged in estates agency investment. He was the chairman of Po Leung Kuk from 1992 to 1993. Mr. Tsang was appointed as a Non-official Justice of Peace since June 1993. He was the vice president of An Kwei Clans Association (H.K.) Ltd from November 2011 to February 2017, and is currently the president. Mr. Tsang is also the president of Hong Kong Federation of Quanzhou Association.

Mr. WANG Chin Mong

Mr. Wang, aged 46, was appointed as an independent non-executive Director of our Company on 20 December 2017. He is the chairman of the audit committee and a member of the remuneration committee, nomination committee and compliance committee of the Company.

Mr. Wang became an associate of the Hong Kong Society of Accountants in October 1999 and a fellow member of The Association of Chartered Certified Accountants in July 2004. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Wang has more than 20 years of experience in the fields of auditing, accounting and finance.

Mr. Wang served as an independent non-executive director of Heng Xin China Holdings Limited (formally known as Tiger Tech Holdings Limited, 8046.HK) and Chinese Strategic Holdings Limited (formally known as China Railway Logistics Limited, 8089.HK).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Yu Man To Gerald *(Chief Financial Officer and Company Secretary)*

Mr. Yu, aged 51, is the Chief Financial Officer and Company Secretary of our Company who joined our Group in April 2017. He is mainly responsible for human resources, administration, secretarial and financial matters of our Group. Mr. Yu holds a Bachelor's degree in Business and a Master's degree in Business Administration. Mr. Yu was admitted as a fellow member of CPA Australia (FCPA (Aust.)) and a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA). Mr. Yu has over 25 years of experience in accounting, finance, management and company secretarial field. Prior to joining the Company, Mr. Yu has worked as the chief financial officer and company secretary of China MeiDong Auto Holdings Limited (1268.HK), Sound Global Limited (967.HK and E6E.SI), Wai Chun Mining Industry Group Company Limited (660.HK), Wai Chun Group Limited (1013. HK) and Towngas China Company Limited (1083.HK). Mr. Yu also worked as the company secretary of Sinolink Worldwide Holdings Limited (1168.HK). Mr. Yu was with Towngas China for almost nine years and was with an international accounting firm for over seven years prior to joining Towngas China.

Ms. LEE Ching Ha Virginia

Ms. Lee, aged 37, is an associated director of our Company who joined our Group in September 2013. She is primarily responsible for the recruitment and management of restaurant staff. Ms. Lee obtained an Associate in Arts Degree from the Northeast Iowa Community College and holds a Bachelor's degree in Business. She has completed a course in Intermediate French in June 2009. Prior to joining our Group, Ms. Lee worked for The Repulse Bay Company Limited (a subsidiary of The Hongkong and Shanghai Hotels Limited) as club receptionist, customer services supervisor at ET Business College Limited (a member of Hong Kong Economic Times Holdings Limited), and worked for PricewaterhouseCoopers as an administrator.

Mr. WONG Chun Kuen

Mr. Wong, aged 39, is our marketing manager who joined our Group in June 2015. Mr. Wong overseeing the marketing functions and manage customer feedbacks for our Group. Mr. Wong holds a Bachelor's degree in Public Administration and Management with honours. Mr. Wong was certificated by Travel Industry Council of Hong Kong in 2003. Mr. Wong worked as a manager for Xiamen Gangpin Imp & Exp Co. Ltd. overseeing the development of new markets including the sourcing, import and sales of wine in the Fujian and Guangdong provinces of the PRC and worked as a merchandiser for A.Y.N. Accessories Trading Limited and Joy Life Ltd. Mr. Wong is a nephew of Mr. Wong Ngai Shan, our Controlling Shareholder and Executive Director, and is therefore an associate of a connected person of our Company.

Mr. CHAN Ka Shing

Mr. Chan, aged 30, is our project manager who joined our Company in September 2014, responsible for the opening of our new stores, including the decoration, floor plan and design of our different brands of restaurants. Mr. Chan completed a bartending course in December 2010. He obtained the Merit Awards in the Asian Cocktail Championship, De Kuyper Cocktail Championship and Creative Classic and Bartending Flair. Mr. Chan was awarded the Certificate in Food Hygiene for Hygiene Supervisor and obtained the Level 2 Award in Food Safety in Catering. Mr. Chan worked for IPC Foodlab as an assistant restaurant manager, as a management trainee in the food and beverage department of Page One The Designer's Bookshop (HK) Ltd. He also worked as a bar supervisor for the Nabe One Limited.

REPORT OF THE DIRECTORS

The Board has pleasure in presenting the Report of the Directors and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the operation of full service restaurants in Hong Kong. Particulars of the subsidiaries are set out in note 34 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 March 2018 and a discussion on the Group's future business development are provided in the section "Chairman's Statement" and "CEO Report" of this Annual Report. A discussion on the Group's environmental policies and performance, an account of the Group's key relationships with its stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group can be found in the "Corporate Governance Report" on pages 34 to 44 and "Environmental, Social and Governance Report" on pages 45 to 52 of this Annual Report.

Description of possible risks and uncertainties that the Group may be facing can be found in the Notes 29 and 30 to the consolidated financial statements.

Also, the financial risk management objectives and policies of the Group can be found in Note 30 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the "Financial Summary" on page 4 of this Annual Report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2018 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on page 58 to page 120 of this Annual Report.

The Directors have recommended the payment of a final cash dividend out of the share premium account under reserves of the Company of HK$0.022 per share (the "**Final Dividend**"). No dividend has been declared or paid by the Company since its date of incorporation, however during the year ended 31 March 2017, Better World Holdings Limited, a wholly-owned subsidiary of the Company, paid an interim dividend of HK$23,000,000 to the then controlling shareholders (owned as to 70% by Mr. Wong Ngai Shan and as to 30% by Ms. Chan Wai Chun).

The Final Dividend will be paid to shareholders whose names are on the register of members of the Company on 8 August 2018. Subject to approval by shareholders at the AGM to be held on 30 July 2018 and compliance with the Companies Law of the Cayman Islands, the final dividend will be paid on or about 28 August 2018 and the register of members of the Company will be closed from 3 August 2018 to 8 August 2018, both days inclusive, during which period no transfer of shares will be registered.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2018 are set out in the consolidated statement of changes in equity set out on page 61 of this Annual Report.

The Company's reserves available for distribution to shareholders as at 31 March 2018 amounted to HK$26,819,000 (2017: Nil), subject to the applicable statutory requirements under the laws of the Cayman Islands.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for each of the three financial years ended 31 March 2018 is set out on page 4 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant, equipment of the Group during the year ended 31 March 2018 are set out in note 15 to the consolidated financial statements.

TAX RELIEF

The Company is not aware of any tax relief available to shareholders by reason of their holdings in the Company's securities.

Under current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year ended 31 March 2018 are set out in note 27 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 March 2018 and up to the date of this Annual Report were as follows:

Executive Directors

Mr. Wong Ngai Shan *(Chairman)*(1)
Ms. Chan Wai Chun *(Chief Executive Officer)*(1)

Independent Non-executive Directors

Ms. Chan Yuen Ting(2)
Mr. Tsang Siu Chun(2)
Mr. Wang Chin Mong(2)

Notes:

1. Mr. Wong Ngai Shan and Ms. Chan Wai Chun were appointed on 26 June 2017.

2. Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Mong were appointed on 20 December 2017.

The biographical details of the Directors and senior management of the Company are set out on page 22 to 24 of this Annual Report.

In accordance with Article 84 of the articles of association of the Company (the "**Articles of Association**"), Mr. Wong Ngai Shan and Ms. Chan Wai Chun shall retire from office by rotation at the AGM and, all of them being eligible, would offer themselves for re-election.

In accordance with Article 83 of the Articles of Association of the Company, Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Ming who were appointed during the year shall hold office until the AGM and, all of them being eligible, would offer themselves for re-election.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the GEM Listing Rules. The Company considers all the independent non-executive Directors to be independent.

Directors' Service Contracts

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing with effect from the Listing Date, which continues thereafter until terminated by either party giving not less than three months' notice in writing to the other party.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years from the Listing Date, which can be terminated by either party giving not less than three months' notice in writing to the other party. Each of the independent non-executive Directors is subject to the provisions for retirement by rotation and re-election at the AGM in accordance with the Articles of Association.

Save as disclosed above, no Director proposed for re-election at the AGM has service agreement with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Remuneration

Details of emoluments of the Directors are set out in note 12 to the consolidated financial statements.

Each of the independent non-executive Directors is entitled to a director's fee of HK$100,000 per annum. Save for Director's fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

The Directors' fees are subject to the Shareholders' approval at the AGM. Other emoluments are determined by the Board with reference to the recommendations from the Remuneration Committee taking into account the directors' duties, responsibilities and performance and the results of the Group.

Interests in Contracts

Other than as disclosed in note 33 to the consolidated financial statements, there is no contract of significance to which the Company, its holding company, or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Competing Business

Save as disclosed in this Annual Report, none of the Directors or their respective associates (as defined in the GEM Listing Rules) had any interests in any business (apart from the Group's business), which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the year and up to the date of this Annual Report.

Directors' and Chief Executive's Interests and Short positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 31 March 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long Positions in Shares

Name of Director	Capacity	Number of Shares Held	Approximate percentage of shareholding
Mr. Wong	Interest in controlled corporation and interest of spouse	249,450,000	62.36%
Ms. Chan	Interest in controlled corporation and interest of spouse	249,450,000	62.36%

Notes:

1. IKEAB Limited is owned by Mr. Wong as to 70% and Ms. Chan as to 30%. As such Mr. Wong and Ms. Chan are deemed to be interested in the Shares owned by IKEAB Limited by virtue of the SFO.

2. Mr. Wong is the spouse of Ms. Chan.

Save as disclosed above, as at 31 March 2018, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

Interests and Short Position of Substantial Shareholders' and Other Person in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 March 2018, the interests and short positions of substantial shareholders and other persons (other than a Director or chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long Position in Shares

Name of Shareholder	Capacity	Number of Shares Held	Approximate percentage of shareholding
IKEAB Limited	Beneficial owner	249,450,000	62.36%
Mr. Wong	Interest in controlled corporation and interest of spouse	249,450,000	62.36%
Ms. Chan	Interest in controlled corporation and interest of spouse	249,450,000	62.36%
Mr. Chua Sai Men	Beneficial owner	24,320,000	6.080%

Notes:

1. IKEAB Limited is owned by Mr. Wong as to 70% and Ms. Chan as to 30%. As such Mr. Wong and Ms. Chan are deemed to be interested in the Shares owned by IKEAB Limited by virtue of the SFO.

2. Mr. Wong is the spouse of Ms. Chan.

Save as disclosed above, as at 31 March 2018, the Directors are not aware of any interests and short positions owned by any parties (other than a Director) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.

Short Positions in Shares and Underlying Shares in the Company

As at 31 March 2018, the Company had not been notified of any short positions being held by any substantial Shareholder in the Shares or underlying Shares of the Company.

SHARE OPTION SCHEME

Pursuant to the Company's share option scheme adopted by the Shareholders on 20 December 2017 (the "**SOS**"), the Board may, at its sole discretion, invite any director or proposed director (including an independent non-executive director) of any member of our Group, any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of our Group (an "**Employee**"), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (an "**Executive**"), a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group, or any advisory, consultancy, professional or other services to any member of our Group, or a close associate (as defined under the GEM Listing Rules) of any of the foregoing persons (together, the "**Eligible Persons**" and each an "**Eligible Person**").

The purpose of the SOS is to motivate Eligible Persons to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives, to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The exercise price of the share option will be determined at the higher of the average of closing prices of the Shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the option, the closing price of the Shares on the Stock Exchange on the date of grant or the nominal value of the Shares.

The SOS will remain in force for a period of 10 years commencing on 17 January 2018.

The share options under the SOS are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years after the date of grant.

The total number of Shares in respect of which options may be granted under the SOS is not permitted to exceed 10% of the Shares in issue on the Listing Date without prior approval from the Shareholders. No option may be granted in any 12-month period to any one Eligible Person which if exercised in full would result in the total number of Shares already issued and issuable to him under all the options previously granted to him and the said option exceeding 1% of the number of Shares issued and issuable under all the options which may be granted under the SOS or any other share option schemes at the time it is proposed to grant the relevant options to that employee.

Each grant of share options to a Director, chief executive or substantial Shareholder of our Company or any of their respective associates under the SOS shall be approved by Independent Non-executive Directors of our Company (excluding the Independent Non-executive Director of our Company who is the proposed grantee of the share options). Where any grant of share options to a substantial Shareholder or an Independent Nonexecutive Director of our Company or any of their respective associates would result in the securities issued and to be issued upon exercise of all share options already granted and which may be granted (including share options exercised, cancelled and outstanding) to such person 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, such further grant of share options must be approved by our Shareholders.

The Company shall send a circular to our Shareholders containing the information required under Rule 23.04 of the GEM Listing Rules. The relevant Eligible Person, his associates and all core connected persons of our Company shall abstain from voting at such general meeting. Any vote taken at the meeting to approve the grant of such share options must be taken on a poll.

Share options granted under the SOS must be taken up within the time period to be stated on the letter containing the offer of the grant of the share options, upon payment of HK$1.00 per grant.

Up to 31 March 2018, no share option has been granted under the SOS.

CONNECTED TRANSACTION

During the year ended 31 March 2018, the Group had no transaction which need to be disclosed as connected transaction in accordance with the requirements of the GEM Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in normal course of business are set out in note 33 to the consolidated financial statements.

NON-COMPETITION UNDERTAKINGS

Each of the controlling Shareholders has provided to the Company a written confirmation in respect of his/its compliance with the Non-Compete Undertakings dated 20 December 2017 (the “**non-complete undertakings**”) for the year ended 31 March 2018. The independent non-executive Directors have also reviewed the status of compliance by each of the controlling Shareholders with the undertakings in the Non-Compete Undertakings and have confirmed that, as far as he/it can ascertain, there is no breach of any of the undertakings in the Non-Compete Undertakings.

BORROWINGS

Particulars of borrowings of the Group as at 31 March 2018 are set out in note 21 to the consolidated financial statements.

REPORT OF THE DIRECTORS

DONATIONS

During the year ended 31 March 2018, the Group made charitable and other donations amounting to HK$7,600.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, there is sufficient public float of not less than 25% of the Shares in issue as required under the GEM Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

We target the general public and have a large and diverse customer base in Hong Kong. Owing to the nature of our business, we do not rely on any single customer. During the year, the percentage of revenue attributable to the Group's five largest customers was less than 30%. The five largest suppliers of the Group in aggregate accounted for about 32.7% of raw materials and consumable costs for the year. Purchases from the largest supplier accounted for about 8.6% of raw materials and consumable costs for the year. None of the Directors, their associates, or any shareholder (who to the knowledge of the Directors owned more than 5% of the Company's Share capital) had any interest in the Group's five largest suppliers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

EMOLUMENT POLICY

As at 31 March 2018, the Group had a total of 259 employees, the of whom are situated in Hong Kong. In addition to offering competitive remuneration packages to employee, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group.

The remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the Directors. No Director, or any of his associates, and executive, is involved in dealing with his own remuneration.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the schemes is set out in note 36 to the consolidated financial statements and under the heading "Share Option Scheme" in this report.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

During the year ended 31 March 2018, the Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2018 have been audited by Messrs. Deloitte Touche Tohmatsu, the Company's auditor. A resolution will be proposed at the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

This report is signed for and on behalf of the Board.

Chan Wai Chun
Executive Director and Chief Executive Officer

Hong Kong, 14 June 2018

CORPORATE GOVERNANCE REPORT

The Directors and other members of the management team of the Company are dedicated to maintain high standards of corporate governance. They will continue to exercise leadership, enterprise, integrity and judgement so as to achieve continuing prosperity and to act in the best interests of the Company and its Shareholders as a whole in a transparent and responsible manner. Strategic development with prudence and adherence to ethical principles form the core of the Company's corporate governance practices.

The Company continues to devote efforts on promoting good corporate governance so as to ensure its ability to attract investment, protect the rights of the Shareholders and stakeholders, and enhance Shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Code as its own code on corporate governance practices. The Company has taken various measures to cope with the latest development in the corporate governance regime.

The Company has complied with the code provisions as set out in the Code since the Listing Date to 31 March 2018.

The Board continues to monitor and review the Company's corporate governance practices to ensure compliance.

BOARD OF DIRECTORS

Composition of the Board

As at the date of this Annual Report, the Board comprises five members as follows:

Executive Directors

Mr. Wong Ngai Shan *(Chairman)*
Ms. Chan Wai Chun *(Chief Executive Officer)*

Independent Non-executive Directors

Ms. Chan Yuen Ting
Mr. Tsang Siu Chun
Mr. Wang Chin Mong

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 22 to 23 of this Annual Report.

The Company has arranged appropriate directors' and officers' liabilities insurance for Directors and officers of the Company. Details of the directors' indemnity are provided in the Report of the Directors on page 25 of this Annual Report. The insurance coverage is reviewed on an annual basis.

Each independent non-executive Director has confirmed, in accordance with the guidelines for assessing independence set out in Rule 5.09 of the GEM Listing Rules that he or she is independent of the Company and the Company also considers that all of them are independent.

Except for the spousal relationship between Mr. Wong Ngai Shan and Ms. Chan Wai Chun as disclosed in the biographical details on page 22 of this Annual Report, there is no relationship (including financial, business, family or other material/relevant relationship) between any members of the Board.

The list of Directors is disclosed in all corporate communications issued by the Company from time to time pursuant to the GEM Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the GEM Listing Rules.

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 17 January 2018, which continues thereafter until terminated by either party giving not less than three months' notice in writing to the other party.

Each of the independent non-executive Directors, namely, Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Mong has entered into a letter of appointment with the Company for an initial term of three years from 17 January 2018, which can be terminated by either party giving not less than three months' notice in writing to the other party.

Pursuant to the Articles of Association, at least one-third of the Directors shall retire from office but are eligible for re-election by the Shareholders at each annual general meeting of the Company and each Director shall retire on a rotational basis at least once every three years.

Since 17 January 2018, the Listing Date, the Board had at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise pursuant to Rule 5.05 of the GEM Listing Rules and the appointment of independent non-executive Directors representing at least one-third of the Board pursuant to Rule 5.05A of the GEM Listing Rules.

Functions of the Board

The Board, headed by the chairman of the Board (the "**Chairman**"), is responsible for formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management.

The executive Directors are responsible for day-to-day management of the Company's operations, financial management and conducting meetings with senior management of the Group, at which operational issues and financial performance are evaluated.

The Company considers that internal control system and risk management function are essential, and the Board plays an important role in implementing and monitoring internal control system and risk management function.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration, operation of the Company and so forth, are reviewed by the Board on a periodic basis. The management shall report back to the Board.

In addition, the Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

The Articles of Association sets out the responsibilities and proceedings of the Board. The Board meets regularly, at least four times a year, to consider operational reports and policies of the Company. Significant operational policies are discussed and passed by the Board.

Corporate Governance Functions

The Board is responsible for performing corporate governance duties that include:

(a) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) reviewing and monitoring the training and continuous professional development of the Directors and senior management;

(c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(d) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

(e) reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year ended 31 March 2018, the Board approved the terms of reference of the Board (with respect to corporate governance duties), and the terms of reference of the Nomination Committee, the Audit Committee and the Remuneration Committee and the Shareholders communication policy of the Company (the "**Shareholders communication Policy**").

Directors' Training and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the GEM Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and management to enrol in a wide range of professional development courses and seminars relating to the GEM Listing Rules, companies ordinance/act and corporate governance practices organized by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, the Company Secretary updates and provides written training materials on the latest developments of applicable laws, rules and regulations to the Directors.

Each of the Directors have attended training sessions arranged by the Company on the continuing obligations of listed companies and directors, disclosure obligations of listed companies and amendments to the GEM Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) in relation to "inside information".

In addition to the above-mentioned training sessions, some Directors and members of the senior management of the Company have also attended several presentations organized by the Company on the compliance of the GEM Listing Rules and conducts of listed companies.

Board Meetings

Code provision A.1.1 of the Code prescribes that at least four regular board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication. Due notices and board papers were given to all Directors prior to each meeting in accordance with the Articles of Association and the Code.

Since the Listing Date to 31 March 2018, three Board meetings were held. Details of individual attendance of each of the Directors are set out below:

	Attendance/ Number of Meetings Eligible to Attend
Executive Directors:	
Mr. Wong Ngai Shan *(Chairman)*	3/3
Ms. Chan Wai Chun *(Chief Executive Officer)*	3/3
Independent non-executive Directors:	
Ms. Chan Yuen Ting	3/3
Mr. Tsang Siu Chun	3/3
Mr. Wang Chin Mong	3/3

Board Process

Directors are provided with relevant information to make informed decisions. The Board and each Director have separate and independent access to the Company's senior management for information and making enquires if necessary. In addition, Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

Every Director is entitled to have access to the advice and services of the Company Secretary with a view to ensure that the Board procedures, and all applicable rules and regulations, are complied with. All minutes are kept by the Company Secretary and are opened for inspections by any Director during normal office hours by giving reasonable advance notice.

If a substantial Shareholder or a Director has a conflict of interest in a matter before the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent board committee will be set up to deal with the matter.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person. The Chairman is Mr. Wong Ngai Shan; and the chief executive officer of the Company (the "**Chief Executive Officer**") is Ms. Chan Wai Chun. The roles of Chairman and Chief Executive Officer are separate. Such division of responsibilities has been clearly established. It allows a balance of power between the Board and the management of the Group, and ensures the independence and accountability of each of the Board and management of the Group. The Chairman oversees the Board so that it acts in the best interests of the Group. With the support of the executive Director and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and that they receive adequate, clear, complete and reliable information in a timely manner. The Chairman has overall responsibility for providing leadership, vision and direction regarding business development of the Group and ensuring that good corporate governance practices and procedures are established.

The Chief Executive Officer, who is assisted by the Company's senior management team, is responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and maintaining an effective executive support team. The Chief Executive Officer is accountable to the Board for keeping the Chairman and all the Directors fully informed of all major business developments and issues.

Responsibilities of the Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its Shareholders. Their responsibilities include:

- attending regular Board meetings focusing on business strategy, operational issues and financial performance;
- active participation on the boards of subsidiaries and associated companies;
- approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- consideration of misuse of corporate assets and abuse in related party transactions; and
- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to meet their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

BOARD COMMITTEES

The Company has set up a number of committees of the Board, including the Remuneration Committee, the Audit Committee, the Nomination Committee and the Compliance Committee, with specific terms of reference relating to their authority and duties, which strengthen the Board's functions and enhance its expertise.

Remuneration Committee

The Remuneration Committee comprises one executive Director, Mr. Wong Ngai Shan and three independent non-executive Directors, namely Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Mong. Mr. Tsang Siu Chun is the chairman of the Remuneration Committee.

The Remuneration Committee was established in December 2017 and written terms of reference of the Remuneration Committee have been adopted by the Board and posted on the websites of the Company and the Stock Exchange.

The Remuneration Committee's responsibilities include but not limited to the review and consideration of the Company's remuneration policy for the Directors and senior management, the recommendations to the Board on the remuneration packages of individual executive Director and senior management including benefits in kind, pension rights and compensation payments, and recommendations relating to remunerations of independent non-executive Directors.

The Remuneration Committee did not hold any meetings from its establishment to 31 March 2018.

The Group remunerates its employees based on their individual performance, job nature and responsibilities. The Group also provides training and various benefits to its employees including medical welfare, provident funds, bonuses and other incentives. The Group also encourages its employees to pursue a balanced life and provides a good working environment to maximize their potential and contribution to the Group.

Audit Committee

The Audit Committee comprises Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Mong, all of whom are independent non-executive Directors. Mr. Wang Chin Mong is the chairman of the Audit Committee.

The Audit Committee was established in December 2017 and written terms of reference, which describe the authority and duties of the Audit Committee have been adopted and posted on the websites of the Company and the Stock Exchange, and are regularly reviewed and updated by the Board.

The Audit Committee reports directly to the Board and reviews financial statements and internal control, and to protect the interests of the Shareholders.

The Audit Committee meets regularly with the Auditors to discuss various accounting issues, and reviews the effectiveness of internal controls.

Since the Listing Date to 31 March 2018, one Audit Committee meeting was held. Details of individual attendance of each of the Directors are set out below:

	Attendance/ Number of Meetings Eligible to Attend
Mr. Wang Chin Mong *(Chairman)*	1/1
Ms. Chan Yuen Ting	1/1
Mr. Tsang Siu Chun	1/1

A meeting of the Audit Committee was held on 14 June 2018 to review the Group's consolidated financial statements for the year ended 31 March 2018, in conjunction with the Group's external auditor, Deloitte Touche Tohmatsu.

Nomination Committee

The Nomination Committee comprises Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Mong, all of whom are independent non-executive Directors. Ms. Chan Yuen Ting is the chairman of the Nomination Committee.

The Nomination Committee was established in December 2017 and written terms of reference of the Nomination Committee have been adopted by the Board and are posted on the websites of the Company and the Stock Exchange.

The Nomination Committee's responsibilities include but not limited to formulating policy and making recommendation to the Board on nominations and appointments of Directors and Board succession.

The Nomination Committee is also responsible for reviewing the structure, size and composition of the Board, assessing independence of the independent non-executive Directors and making recommendations on any proposed changes to the Board.

The Nomination Committee did not hold any meetings from its establishment to 31 March 2018.

Compliance Committee

The Compliance Committee comprises Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Mong, all of whom are independent non-executive Directors. Ms. Chan Yuen Ting is the chairman of the Compliance Committee.

The Compliance Committee was established in December 2017 and its responsibilities include but not limited to:

- review the effectiveness of our Group's regulatory compliance procedures and system, including operational and compliance procedures and risk management functions;
- assess and review the adequacy of resources and training provided to our management and staff in relation to our Group's regulatory compliance functions; and
- receive and handle any actual or potential non-compliance matters and engage external professional advisers where necessary.

The Compliance Committee did not hold any meetings from its establishment to 31 March 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors (the "**Model Code**"). All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2018.

EXTERNAL AUDITOR

The Auditors is Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu provided services in respect of the audit of Company's consolidated financial statements which were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the year ended 31 March 2018.

For the year ended 31 March 2018, apart from the provision of annual audit services, the Company's external auditor, Deloitte Touche Tohmatsu, was also the reporting accountants of the Company in relation to the Listing. The remuneration charged by the Company's auditor, Deloitte Touche Tohmatsu, during the year ended 31 March 2018 is set out below:

Description of Services Performed

	HK$
(1) Audit services	1,380,000
(2) Non-audit services *(Note)*	2,960,000
	4,340,000

Note: Non-audit services represent services provided as the reporting accountant during the Share Offer.

The statement of the Auditor regarding their reporting responsibilities for the financial statements is set out in the Independent Auditor's Report on pages 53 to 57 of this Annual Report.

DIRECTORS' RESPONSIBILITIES IN PREPARING FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable accounting standards.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for the Company's risk management and internal control systems and for reviewing its effectiveness. The Group's internal audit department and senior management conduct reviews of the effectiveness of the risk management and internal control systems of the Group. The Audit Committee reviews the findings and recommendations of the senior management in their meetings held at least four times a year and reports to the Board on such review.

The risk management and internal control systems are designed to manage, rather than eliminate business risk; to help safeguard the Group's assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss. In addition, it should provide a basis for the maintenance of proper and fair accounting records and assist in the compliance with relevant rules and regulations.

In respect of the year ended 31 March 2018, the Board, through the Audit Committee and an external internal auditor, reviewed the overall effectiveness of the Group's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget.

The Board believes that there are no material internal controls deficiencies that may affect the Shareholders and an effective system is in place to adequately safeguard the assets of the Group. The Group will continue to enhance the system to cope with the changes in the business environment.

COMPANY SECRETARY

The company secretary is responsible for ensuring that Board's procedures are followed and facilitating communications among Directors as well as with shareholders and management. The Company Secretary is Mr. Yu Man To, Gerald. The Company Secretary has duly complied with the relevant training requirement under Rule 5.15 of the GEM Listing Rules.

CONSTITUTIONAL DOCUMENTS

There were no changes to the memorandum of association of the Company and Articles of Association since the Listing Date.

A copy of the memorandum and Articles of Association of the Company is posted on the websites of the Company and the Stock Exchange.

COMMUNICATION WITH SHAREHOLDERS

The Directors are aware of the importance of maintaining good relations and communications with the Shareholders. The Board established a Shareholders Communication Policy setting out the principles of the Company in relation to Shareholders' communications, with the objective of ensuring that its communication with the Shareholders are timely and accurate.

The Company uses a range of communication tools, such as annual general meetings, annual reports, various notices, announcements and circulars, to ensure the Shareholders are kept well informed of the Group's key business imperatives.

The Company has maintained a website at www.tastegourmet.com.hk which serves as a forum for corporate communications with the Shareholders and the general public. All corporate communications required under the GEM Listing Rules are displayed and archived since the Listing Date on the Company's website and there are established procedures to ensure timely update in compliance with the GEM Listing Rules.

At the AGM, separate resolutions will be proposed by the Chairman in respect of each issue itemized on the agenda, including the re-election of the Directors. The Chairman, the chairman of each of the Remuneration Committee, the Audit Committee and the Nomination Committee and members of senior management, together with representative(s) from the Auditors will attend the AGM to answer questions from the Shareholders.

The notice of the AGM will be distributed to all Shareholders at least 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the GEM Listing Rules.

The Company did not hold any general meeting from the Listing Date to 31 March 2018.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting by Shareholders and Putting Forward Proposals

Under the Articles of Association, an extraordinary general meeting ("**EGM**") may be convened by the Board upon requisition by any one or more Shareholders holding not less than one-tenth of the paid up capital of the Company which carries the right of voting at any general meetings. The Shareholder(s) shall make a written requisition to the Board or the Company Secretary at the head office of the Company in Hong Kong, specifying the shareholding information of the Shareholder(s), his/her/their contact details and the proposal regarding any specifying transaction/business and its supporting documents.

If within 21 days of deposit of such written requisition, the Board does not proceed to convene such EGM, the requisitionist(s) himself/herself/themselves may convene an EGM in the same manner as that in which such meeting may be convened by the Board, provided that such meeting so convened shall not be held after the expiration of two months from the date of deposit of such requisition.

Making Enquiries to the Board

Shareholders may send written enquiries, either by post or by facsimiles, together with his/her/its contact details, such as postal address or fax, addressing to the office of the Company at Unit B, 24/F Crawford Tower, 99–101 Jervois Street, Sheung Wan, Hong Kong or facsimile number (852) 2880 9068.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, Dongxing Securities (Hong Kong) Company Limited has been appointed as the compliance adviser of the Company (the "**Compliance Adviser**"). As confirmed by the Compliance Adviser, save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 23 June 2017, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

At Taste • Gourmet, we believe the consideration of Environmental, Social and Governance (ESG) factors as one of the key driver of the way we conduct our business. We take an active approach to managing ESG-related risks and tackling environmental and social challenges, and we acknowledge the importance of effective governance at the management and the Board.

We are committed to uphold the highest ESG standards for the benefit of our stakeholders. While an acknowledgment of ESG risk factors is important, it is not enough. Appropriate oversight at the management and Board level, as well as effective policies and practices, are key contributors to our ability to effectively manage a wide variety of risk factors.

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 20 to the GEM Listing Rules and covers the Group's business in Hong Kong for the year ended 31 March 2018.

Based on the principles of objectivity, standardisation, transparency and comprehensiveness, this report serves to provide details of the Company's ESG policies and initiatives of our restaurant business in Hong Kong. We have identified the following ESG Segments in this report:

Environment	Workplace	Social
• Waste Management	• Employment & Labour Practices	• Supply Chain Management
• Energy Management	• Health and Safety	• Product Responsibility
• Water Conservation	• Training and Development	• Anti-Corruption

This is the first ESG Report issued by the Company.

STAKEHOLDER ENGAGEMENT

We engages our stakeholders, both formally and informally, on a number of major issues and initiatives in order to gain a better understanding of their views and expectations.

Shareholders

- Roadshows in Hong Kong, Singapore and Malaysia during the Share Offer
- Publication of research reports on the Company
- Regular issuance of announcements on a voluntary basis on business updates

Customers

- Continuous review of customer feedbacks through comments cards, direct discussion with the customers and through social media platforms
- Timely respond to customer complaints
- Collaboration with third parties to provide online table reservation services
- Introduction of alternative payment methods in addition to cash and credit cards

Government

- Engaged external professional (the "External Consultant") on the review of the legal compliance status
- Organised professional and compliance training

Employees

- Updated employee handbook on recommendation from the External Consultant
- Adopted the SOS as an incentive to employees

ENVIRONMENT

Waste Management

Food waste and cooking oil waste are the major non-hazardous emissions in our restaurant operations. We also use recyclable materials in our takeaway containers.

Food Waste

The control of food waste is a very important factor for the Group. Food waste could be the result of poor storage management, poor inventory control, or poor quality control. Food waste not only affect profitability and customer satisfaction, it is an unnecessary waste. We have a stringent set of policies and procedures that helps to eliminated unnecessary food waste, however the attitudes of our employees towards the reduction of food waste as a part of our corporate culture is the key to success.

Each of our restaurant monitors the consumption amount of our food ingredients on a daily basis, which we believe is an effective way to reduce wastage and storage costs as the head chef of each restaurant should know the best utilisation of the various food ingredients and the consumption patterns of the customers at each restaurant. We generally minimise the amount of food ingredients stored at our restaurants based on our estimated sales and production volume of the following day.

Our Dab-Pa Cuisine restaurant at the Elements was awarded the "Food Waste Reduction Pledge Achievement Award" in 2014 and 2016 by the MTR Corporation.

During the year, no material non-compliance issue was noted in relation to food waste disposal.

Please refer to page 6 under heading "Environmental, Social and Governance Information" for food waste disposal data during the year.

Cooking Oil Waste

Cooking oil waste and grease trap waste are properly disposed of through waste oil collectors with the International Sustainability and Carbon Certification authorised by the Environmental Protection Department in Hong Kong.

Please refer to page 6 under "Environmental, Social and Governance Information" for cooking oil waste disposal data during the year.

During the year, no material non-compliance was noted in relation to cooking oil waste disposal.

Energy Management

Please refer to page 6 under "Environmental, Social and Governance Information" for use of resources data and related emission data during the year.

In our operation, electricity and gas is consumed in the form of lightings, cooking equipment, refrigerators, air conditioning, office equipment and motor vehicles.

We have a number of policies in place to limit the consumption of electricity to the minimum level, examples of some of our energy savings initiatives are as follows:

- Energy saving lightings in all our restaurants and at our office
- Turning off cooking equipment when not in use
- Closed off and turn off air-conditioning and lights in sections of our restaurant during non-peak hours
- Dishwashers to be turned on only with a full load

In shopping malls, there is a fixed period when air conditioning is supplied which we matched as far as possible the operating hours of our restaurants.

All our vehicles are electric vehicles.

Water Management

Although the amount of water consumed in our operation is not significant, we encourage our employees to use water efficiently such as only using the dishwasher with a full load.

WORKPLACE

Employment and Labour Practices

Our employees are the most important asset and resources of our Group. We are an equal opportunity employer and no discrimination is tolerated on the basis of age, gender, race, colour, sexual orientation, disability or marital status. We do not employ any person below the age of 16. In addition to offering competitive remuneration packages to employee, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

Quality service is an important success factor to our business and employee retention is a known challenge within the fierce restaurant business. Aside from offering competitive remuneration packages, our Group has also implemented an incentive bonus scheme for each restaurant to encourage self-initiatives to drive sales, employee retention and reduction in unnecessary headcount at every outlet. Our bonus scheme is performance based and would be calculated taking into account the achievement of performance target including financial indicators such as revenue and profit target, as well as other qualitative targets such as service quality and work attitude such as timeliness of the employee. Such bonus vary in accordance with the seniority and positions of different employees.

We also conduct annual performance reviews for our employees, which is used as a basis to determine salary adjustments which frequency would depend on a number of factors such as our financial performance and general market conditions and suitability for promotion, taking into account market conditions and business needs.

The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group. Normal working hours for the full time employees at our restaurants is 10 hours per day.

Our headcount planning is subject to regular review by our head office, taking into factors including but not limited to (i) market conditions; (ii) the size of the restaurant; (iii) proportion of labour costs to total overheads; and (iv) profit margin of the restaurant.

During the year ended 31 March 2018, no material non-compliance issue was noted in relation to employment regulations in Hong Kong.

Health and Safety

In conformity with industry norms, we are required to comply with various laws and regulations applicable to the restaurant industry in Hong Kong. In order to comply with safety related laws and regulations and occupational health and safety regulations issued by the government authorities in Hong Kong, we have designed and implemented internal safety measures and guidelines for our employees to follow. We also provide training to new recruits and existing employees to keep them up to date with work safety procedures and standards.

We have policies in place to ensure a high standard is kept at all times with regards to means of ventilation, sanitary fitments, facilities for cleaning equipment and utensils, means of exit and entry and fire safety.

We also maintain an internal record and reporting procedure in relation to work injuries in order for our Directors to monitor work injury incidences and make necessary amendments to the internal procedures to reduce the risk of further injuries. During the year ended 31 March 2018, no major work safety incidents occurred in our restaurants.

During the year ended 31 March 2018, no material non-compliance issue was noted in relation to health and safety regulations in Hong Kong.

Training and Development

We believe that training is needed to ensure that all employees possess the required knowledge on our standards and procedures as well as work and safety procedures. For our front-line new recruits, we provide on-the-job training to assist the new recruit to become familiarised with our operation processes. We provide our experienced staff with checklists to ensure all matters on food quality, internal procedures and safety standards are properly discussed with new recruits. To cater for the working hours of our staff, we also provide various training classes including dining service and preparation of a dish in video format so that the staff can access the training materials at the time and place at their convenience. We also encourage our employees to undertake external courses that are funded by the Group.

Our Directors and senior management are encouraged to undertake some form of continuing professional development courses or training. During the year ended 31 March 2018, Directors and senior management attended a training on the GEM Listing Rules in preparation of the Share Offer.

SOCIAL

Supply Chain Management

We generally select our suppliers based on a set of selection criteria, which includes (i) capacity, reputation and business operations of the supplier; (ii) type, variety and quality of food ingredients, goods or services offered by the supplier; (iii) pricing of the food ingredients, goods or services; (iv) supply terms and conditions, such as payment terms, delivery schedule and discount; (v) past performance; and (vi) our relationship with the suppliers.

New suppliers may be introduced by first passing our executive chef's sample testing, followed by an assessment by our Group executive chef and final approval by our Directors. If we identify a potential new supplier, our head chef will first screen the supplier whether their product quality can meet our standards and whether they satisfy our other requirements, such as the cost, origin of the supply of the food ingredients, possession of necessary licences and timely delivery of orders. We will only choose potential suppliers as our approved supplier if the price quoted by the supplier is lower than the purchase prices generally offered by our existing approved suppliers or, if higher, then need to be justifiable by other reasons such as exclusivity. If the potential supplier passes our initial screening, we will place a small trial order to test the quality of their food, and their reliability and timeliness in the delivery. If the potential supplier passes the testing phase, we will then negotiate a long-term supply relationship although we generally do not enter into any framework or long-term agreements, which we believe is the customary industry practice in Hong Kong. We will then consider the above factors and results to determine whether to approve the supplier as an approved supplier.

Our Group has maintained a list of approved food and beverage suppliers, comprising more than 30 suppliers as at 31 March 2018. In order to secure a stable supply of food ingredients and beverages, there are at least two approved suppliers for each type of food ingredient and beverage when possible. Our Group executive chef and business development manager will monitor the quality of our raw materials and consumables and may suggest to our management to consider removing certain suppliers if there is deterioration in the capacities, reliability or consistency of service and product quality of those suppliers. We may remove suppliers failing to meet our selection criteria or being susceptible of negative publicity from our supplier list.

Product Responsibility

Food Safety and Hygiene

Food safety and hygiene is the most important factor and central to our restaurant operation. Our food safety and quality control policies and procedures are closely integrated with our supplier selection process and food preparation process. Our restaurant managers and head chefs are responsible for the quality control at each of our restaurants. They are responsible for inspecting the food supplies and ingredients, overseeing the food preparation process and monitoring the dining environment and kitchen area. We clean and sanitise each of our restaurants in accordance with our policies and procedures. We ensure the implementation of our quality control policies through (i) training and supervision of our employees; and (ii) the evaluation of our procedures.

During the year ended 31 March 2018, no material complaints or claims on our food was received by us nor were our restaurants subject to any investigation on food hygiene by any government authorities or relevant consumer protection organisations due to any food safety incident.

Customer Service and Food Quality

We believe the key to our success is our returning customers, however a customer will only return if they are getting value for their money regardless of the amount of money spent. We address customer satisfaction through the provision of good customer service and consistent food quality.

Daily briefing sessions and evaluations are conducted by our restaurant manager of each restaurant to ensure the quality of our services, and to brief the staff about the new dishes launched to ensure they have a good understanding of the menu. Head chef and the restaurant manager of each restaurant also have a daily meeting to communicate any problems encountered so as to ensure a smooth operation of the restaurant. Our senior management hold a monthly meeting to discuss various issues, including the profitability, food and service quality, staffing arrangement, renovation and marketing strategy, to understand the current status as well as adjust our business strategy as appropriate.

We collect feedback from our customers through various channels: (i) our social media pages and emails; (ii) food-critic websites; (iii) visits by our marketing team, who will examine various aspects such as service quality and customers' feedback. Our restaurant managers discuss the customer feedbacks during daily briefing sessions and our marketing department compiles all the feedbacks and identify and evaluate the issues with the relevant personnel in order to improve our overall operations. Our restaurant managers will also discuss the customer feedbacks with our senior management in order to improve our overall operations.

During the year ended 31 March 2018, we did not receive any material complaints nor complaint filed by our customers to the Consumer Council. We were not aware of any incident of customer complaint claiming material compensation that could have a material adverse impact on our business, results of operations and financial position. Most of the customer complaints related to the food and service quality.

The marketing activities of our Group aim to promote pleasant dining experience at our restaurants with quality food and affordable prices available in a range of cuisines and dining setting from casual to full service dining. We promote our restaurants through various marketing activities, including the maintenance of our website, the display of our menu in digital panels at the shopping malls to the public at our restaurant, launching promotion campaigns with credit cards and shopping mall networks, offering discount to major corporates and residents in the vicinity. We also have a VIP card programme, use various forms of media, such as social media and magazines, third-party smartphone applications for online table reservation as well as promote our restaurants through the distribution of flyers/coupons which can broaden our reach to our potential customers.

Anti-Corruption

Corruption, deception, bribery, forgery, extortion, money-laundering and any other kinds of business fraud are strictly prohibited. Our employee's handbook set out internal control policies and procedures to govern the investigation and follow-up procedures of reported fraud incidents. We have internal control policies and procedure to mitigate fraudulent events which are reviewed and systematic fraud risk assessments are conducted periodically. Any abnormality should be reported to the Audit Committee for investigation. Whistle-blowing channel is also established for the reporting of violations of professional conducts.

During the year, no material non-compliance issue was noted or reported to the relevant authorities in relation to any corruption or fraudulent activities.

Community

We are committed to investing in the improvement of community well-being and social services. Employees are encouraged to participate in a wide range of charitable events.

During the year ended 31 March 2018, the Group made donations of approximately HK$7,600 to Tung Wah Group of Hospitals, Oxfam and Po Leung Kuk.

Deloitte. 德勤

TO THE SHAREHOLDERS OF TASTE • GOURMET GROUP LIMITED
嚐 • 高美集團有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Taste • Gourmet Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 120, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, 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 ("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 Auditor's 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 judgment, 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 MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
We identified revenue recognition as a key audit matter due to its significance to the consolidated statement of profit or loss and other comprehensive income. The accounting policy for recognition of revenue generated from operation of restaurants is disclosed in Note 4 to the consolidated financial statements. As set out in the consolidated statement of profit or loss and other comprehensive income and Note 6 to the consolidated financial statements, during the year ended 31 March 2018, the revenue generated from operation of restaurants is approximately HK$215,175,000.	Our procedures in relation to revenue recognition included: • Obtaining an understanding of the Group's revenue recognition policy and key controls for validating revenue generated from operation of restaurants; • Evaluating the key controls for validating of revenue from operation of restaurants; • Verifying the revenue from operations of restaurant by tracing revenue recognised to daily sales report, receipts and settlement details on a sample basis; and • Using data analytic tool to identify any unusual patterns of revenue generated from a selection of restaurants, and obtaining and assessing the reasonableness of the management's explanation for the unusual patterns of revenue identified.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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 this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S 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 auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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 those charged with governance 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.

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

We also provide those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 partner on the audit resulting in the independent auditor's report is Au Chun Hing.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

14 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	6	**215,175**	198,568
Other income	7	**613**	290
Other gains and losses, net	8	**(335)**	(50)
Raw materials and consumables used		**(59,455)**	(54,584)
Staff costs		**(68,361)**	(64,642)
Depreciation	15	**(6,245)**	(5,191)
Property rentals and related expenses		**(37,935)**	(32,093)
Utilities and cleaning expenses		**(7,810)**	(7,106)
Other expenses		**(11,352)**	(9,027)
Listing expenses		**(16,847)**	–
Finance costs	9	**(538)**	(311)
Profit before tax	10	**6,910**	25,854
Income tax expense	11	**(4,139)**	(4,087)
Profit and total comprehensive income for the year		**2,771**	21,767
Profit and total comprehensive income for the year attributable to			
— Owners of the Company		**1,208**	14,214
— Non-controlling interests		**1,563**	7,553
		2,771	21,767
Earnings per share	14		
— Basic (HK cents)		**0.4**	5.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**24,530**	22,661
Rental and utilities deposits	17	**13,385**	8,111
Prepayments and deposits	17	**2,521**	1,524
Deferred tax assets	26	**481**	349
		40,917	32,645
CURRENT ASSETS			
Trade and other receivables	17	**10,335**	6,445
Held for trading investments	16	**–**	27
Amount due from a shareholder	22	**29**	–
Income tax recoverable		**155**	–
Bank balances and cash	18	**78,449**	21,079
		88,968	27,551
CURRENT LIABILITIES			
Trade and other payables	19	**15,520**	10,164
Amount due to a director	22	**–**	12,138
Amount due to a shareholder/a non-controlling shareholder of subsidiaries	22	**415**	395
Advances from non-controlling shareholder of subsidiaries	22	**–**	2,720
Bank borrowings	21	**4,504**	12,436
Obligations under finance leases — due within one year	20	**381**	539
Tax payable		**3,007**	2,452
		23,827	40,844
NET CURRENT ASSETS (LIABILITIES)		**65,141**	(13,293)
TOTAL ASSETS LESS CURRENT LIABILITIES		**106,058**	19,352
NON-CURRENT LIABILITIES			
Obligations under finance leases — due over one year	20	**176**	557
Provision for reinstatement costs	24	**873**	698
Provision for long service payments	25	**198**	–
Deferred tax liabilities	26	**957**	622
		2,204	1,877
NET ASSETS		**103,854**	17,475

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
CAPITAL AND RESERVES			
Share capital	27	**40,000**	–
Reserves		**63,854**	12,212
Equity attributable to owners of the Company		**103,854**	12,212
Non-controlling interests		**–**	5,263
TOTAL EQUITY		**103,854**	17,475

The consolidated financial statements on pages 53 to 120 were approved and authorised for issue by the Board of Directors on 14 June 2018 and are signed on its behalf by:

WONG NGAI SHAN
Director

CHAN WAI CHUN
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note (i))	Other reserve HK$'000 (Note (ii))	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2016	–	–	–	58	20,685	20,743	5,471	26,214
Profit and total comprehensive income for the year	–	–	–	–	14,214	14,214	7,553	21,767
Dividend paid (Note 13)	–	–	–	–	(23,000)	(23,000)	–	(23,000)
Dividend paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	(7,506)	(7,506)
Acquisition of additional interest in a subsidiary	–	–	–	255	–	255	(255)	–
At 31 March 2017	–	–	–	313	11,899	12,212	5,263	17,475
Profit and total comprehensive income for the year	–	–	–	–	1,208	1,208	1,563	2,771
Issue of new shares by the Company and acquisition of non-controlling interests pursuant to the Group Reorganisation (Note 2)	300	–	(300)	–	6,826	6,826	(6,826)	–
Issue of new shares by the Company								
– capitalisation issue (Note 27)	29,700	(29,700)	–	–	–	–	–	–
– upon share offer in the Listing (as defined in Note 1 and detailed in Note 27)	10,000	82,000	–	–	–	92,000	–	92,000
Transaction costs attributable to issue of new shares	–	(8,392)	–	–	–	(8,392)	–	(8,392)
At 31 March 2018	40,000	43,908	(300)	313	19,933	103,854	–	103,854

Notes:

i. The special reserve represents the differences between the nominal amount of the share capital issued by the Company pursuant to the Group Reorganisation (as defined and detailed in Note 2) and the issued share capital of BWHK Limited when the Company became the holding company of the Group upon completion of the Group Reorganisation on 23 June 2017.

ii. Other reserve represents the aggregate amount of:

(1) the differences between the considerations received and the proportionate share of the carrying amount of the net assets attributable to the relevant interest upon the deemed disposal of partial interest in subsidiaries during the year ended 31 March 2016; and

(2) the difference between the consideration paid and the proportionate share of the carrying amount of the net assets attributable to the relevant interests upon the deemed acquisition of additional interest in a subsidiary during the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**6,910**	25,854
Adjustments for:		
Depreciation of property, plant and equipment	**6,245**	5,191
Loss on disposal of property, plant and equipment	**335**	117
Fair value change on held for trading investments	**–**	(1)
Bank interest income	**(9)**	–
Interest income from life insurance policy	**(64)**	(56)
Finance costs	**538**	311
Operating cash flows before movements in working capital	**13,955**	31,416
Increase in trade and other receivables and rental and utilities deposits	**(9,142)**	(1,255)
Increase in trade and other payables	**5,081**	147
Increase in provision for reinstatement costs	**175**	63
Increase in provision for long service payments	**198**	–
Increase (decrease) in amount due to a shareholder/ a non-controlling shareholder of subsidiaries	**20**	(78)
Cash generated from operations	**10,287**	30,293
Income tax paid	**(3,536)**	(1,365)
NET CASH FROM OPERATING ACTIVITIES	**6,751**	28,928
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(10,814)**	(9,174)
Proceeds from disposal of property, plant and equipment	**2,640**	32
Deposits paid for acquisition of property, plant and equipment	**(825)**	–
Deposits paid for acquisition of a business	**(130)**	–
Interest received	**9**	–
Advance to a shareholder	**(29)**	–
Net proceeds from disposal of held for trading investments	**27**	–
Repayment from a non-controlling shareholder of a subsidiary	**–**	120
NET CASH USED IN INVESTING ACTIVITIES	**(9,122)**	(9,022)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES		
Repayment to non-controlling shareholders of subsidiaries	**(2,720)**	(8,271)
Bank borrowings raised	**13,000**	11,000
Repayment of bank borrowings	**(20,932)**	(3,565)
Advance from a director	**–**	7,050
Repayment to a director	**(12,138)**	(23,534)
Interest paid on bank borrowings	**(513)**	(295)
Interest paid on obligations under finance leases	**(25)**	(16)
Principal payments for obligations under finance leases	**(539)**	(302)
Issue of new shares upon share offer in the Listing (defined in Note 1)	**92,000**	–
Payment of transaction cost attributable to issue of new shares	**(8,392)**	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**59,741**	(17,933)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**57,370**	1,973
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**21,079**	19,106
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**78,449**	21,079

1. GENERAL

Taste • Gourmet Group Limited (the "Company") was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Cayman Companies Law on 26 May 2017, and changed its name from "Taste Gourmet Group Limited" to "Taste • Gourmet Group Limited" on 14 July 2017. The shares of the Company have been listed on the GEM since 17 January 2018 (the "Listing" or "Listing Date"). Its parent is IKEAB Limited ("IKEAB"), a private company incorporated in the British Virgin Islands ("BVI"). The address of the registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is located at Unit B, 24/F Crawford Tower, 99–101 Jervois Street, Sheung Wan, Hong Kong. Its ultimate controlling parties are Mr. Wong Ngai Shan ("Mr. NS Wong") and Ms. Chan Wai Chun ("Ms. Chan").

The Company is an investment holding company and the principal activities of its subsidiaries are operating restaurants in Hong Kong.

The consolidated financial statements is presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on the accounting policies set out in note 4 which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the principles of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by HKICPA.

In the preparation of the Listing, the Company and its subsidiaries (collectively referred to as the "Group") underwent a group reorganisation (the "Group Reorganisation") below to rationalise the group structure of the companies now comprising the Group.

Prior to the completion of the Group Reorganisation on 23 June 2017, 70% and 30% of Better World Holdings Limited ("Better World Holdings"), a company incorporated in Hong Kong and the holding company of all operating subsidiaries of the Group, was owned and jointly controlled by Mr. NS Wong and Ms. Chan collectively as the "Controlling Shareholders", respectively. The Group Reorganisation included the following steps:

a. On 19 May 2017, IKEAB was incorporated in the BVI with limited liability. The initial authorised share capital of IKEAB is US$50,000 divided 50,000 ordinary shares of a single class with a par value of US$1.00 each. On 1 June 2017, 70 and 30 ordinary shares were allotted and issued with a par value of US$1.00 each as fully paid to Mr. NS Wong and Ms. Chan, respectively, and the issued share capital of IKEAB became 70% owned by Mr. NS Wong and 30% owned by Ms. Chan.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

b. On 26 May 2017, the Company was incorporated in the Cayman Islands with limited liability. Upon its incorporation, one subscriber share was allotted and issued as nil paid to an independent third party as initial subscriber and the nil-paid share was transferred to IKEAB on the same day.

c. On 31 May 2017, BWHK Limited ("BWHK") was incorporated in the BVI with limited liability and one share with a par value of US$1.00 each was allotted and issued as fully paid to the Company. BWHK became a direct wholly-owned subsidiary of the Company accordingly.

d. On 23 June 2017, BWHK as a nominee of the Company acquired the entire issued share capital of Better World Holdings at a consideration of HK$116,410,000. The consideration was satisfied by (1) issued and allotted 2,494,499 shares of the Company credited as fully paid to IKEAB, and (2) credited as fully paid at par the nil-paid share held by IKEAB. Upon the completion of this acquisition, Better World Holdings became a wholly-owned subsidiary of BWHK.

e. On 23 June 2017, Better World Holdings acquired 35% issued share capital of Business Development Limited ("Business Development") at an aggregate consideration of HK$8,172,000 from the then non-controlling shareholders, namely Mr. Wong Ngai Ming ("Mr. NM Wong")*, Mr. Ng Chun Yum ("Mr. Ng") and Mr. Chu Kwan Fun ("Mr. Chu"). The consideration was satisfied by issuance and allotment of 76,886, 49,114 and 49,114 shares of the Company credited as fully paid to Mr. NM Wong, Mr. Ng and Mr. Chu, respectively, in consideration of their transfer in aggregate of 35% of the issued share capital of Business Development to Better World Holdings. Upon the completion of this acquisition, Business Development became a wholly-owned subsidiary of Better World Holdings.

f. On 23 June 2017, Better World Holdings acquired 49% issued share capital of Nice Grain Limited ("Nice Grain") at an aggregate consideration of HK$6,038,000 from the then non-controlling shareholders, namely Mr. NM Wong*, Mr. Ng, Mr. Chu, Ms. Lau Man Wai ("Ms. Lau"), Mr. Ko Ka Lok ("Mr. Ko") and Mr. Huang Yi Liang ("Mr. Huang")*. The consideration was satisfied by issuance and allotment of 22,500, 45,257, 15,814, 11,657, 11,657 and 22,500 shares of the Company credited as fully paid to Mr. NM Wong, Mr. Ng, Mr. Chu, Ms. Lau, Mr. Ko and Mr. Huang, respectively, in consideration of their transfer in aggregate of 49% of the issued share capital of Nice Grain to Better World Holdings. Upon the completion of this acquisition, Nice Grain became a wholly-owned subsidiary of Better World Holdings.

g. On 23 June 2017, Better World Holdings acquired 45% issued share capital of Rise Charm Limited ("Rise Charm") at an aggregate consideration of HK$1,155,000 from Mr. Ng, the non-controlling shareholder. The consideration was satisfied by issuance and allotment of 24,750 shares of the Company credited as fully paid to Mr. Ng in consideration of his transfer of 45% of the issued share capital of Rise Charm to Better World Holdings. Upon the completion of this acquisition, Rise Charm became a wholly-owned subsidiary of Better World Holdings.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

h. On 23 June 2017, Better World Holdings acquired 40% issued share capital of Taste New Limited ("Taste New") at an aggregate consideration of HK$1,248,000 from the then non-controlling shareholders, namely Mr. NM Wong*, Mr. Ng, Ms. Lau and Mr. Ko. The consideration was satisfied by issuance and allotment of 10,029, 10,029, 3,343 and 3,343 shares of the Company credited as fully paid to Mr. NM Wong*, Mr. Ng, Ms. Lau and Mr. Ko, respectively, in consideration of their transfer in aggregate of 40% of the issued share capital of Taste New to Better World Holdings. Upon the completion of this acquisition, Taste New became a wholly-owned subsidiary of Better World Holdings.

i. On 23 June 2017, Better World Holdings acquired 32% issued share capital of Taste Gourmet Limited ("Taste Gourmet") at an aggregate consideration of HK$3,978,000 from the then non-controlling shareholders, namely Mr. NM Wong*, Mr. Ng and Mr. Chu. The consideration was satisfied by issuance and allotment of 40,585, 26,250 and 18,408 shares of the Company credited as fully paid to Mr. NM Wong*, Mr. Ng, and Mr. Chu, respectively, in consideration of their transfer in aggregate of 32% of the issued share capital of Taste Gourmet to Better World Holdings. Upon the completion of this acquisition, Taste Gourmet became a wholly-owned subsidiary of Better World Holdings.

j. On 23 June 2017, Better World Holdings acquired 35% issued share capital of Better World Development Limited ("Better World Development") at an aggregate consideration of HK$2,999,000 from the then non-controlling shareholders, namely Mr. Ng and Mr. Chu. The consideration was satisfied by issuance and allotment of 17,100 and 47,164 shares of the Company credited as fully paid to Mr. Ng, and Mr. Chu, respectively, in consideration of their transfer in aggregate of 35% of the issued share capital of Better World Development to Better World Holdings. Upon the completion of this acquisition, Better World Development became a wholly-owned subsidiary of Better World Holdings.

* Mr. NM Wong and Mr. Huang are brothers of Mr. NS Wong, one of the Controlling Shareholders of the Group.

The Group resulting from the Group Reorganisation, which involves interspersing the Company and BWHK between the Controlling Shareholders of Better World Holdings and Better World Holdings as well as the acquisition of the non-controlling interests in the subsidiaries of Better World Holdings as detailed in steps e. to j. above, continued to be jointly controlled by the Controlling Shareholders before and after the Group Reorganisation and is therefore regarded as a continuing entity. Accordingly, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 March 2018 and 2017 have been prepared to include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the years ended 31 March 2018 and 2017, or since their respective dates of incorporation, where applicable. The consolidated statement of financial position of the Group as at 31 March 2017 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 Group Reorganisation had been in existence at that date taking into account the respective date of incorporation, where applicable.

3. APPLICATION OF NEW AND REVISED HKFRSs

For the purpose of preparing the consolidated financial statements for the year ended 31 March 2018, the Group has consistently applied all HKFRSs issued by the HKICPA that are effective for the Group's financial year beginning on 1 April 2017.

New and revised HKFRSs and interpretations in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)—Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)—Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

3. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

HKFRS 9 *Financial Instruments*

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

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- 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 *Financial Instruments: Recognition and Measurement*. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date 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.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company (the "Directors") anticipate the following potential impacts on initial application of HKFRS 9:

Classification and measurement:

- Except for financial assets which are subject to expected credit losses model upon application of HKFRS 9, all other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

3. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

HKFRS 9 *Financial Instruments* *(Continued)*

Impairment

In general, the Directors anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, it is not likely to have material impact on the results and financial position of the Group.

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

3. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

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

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

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the reporting periods, based on the existing business model of the Group as at 31 March 2018.

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 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 (i.e. all on balance sheet), 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. Upon application of 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 by the Group.

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 item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

3. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

HKFRS 16 *Leases (Continued)*

As at 31 March 2018, the Group has non-cancellable operating commitments of HK$97,435,000 as disclosed in note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, 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.

In addition, the Group currently considers refundable rental deposits paid of HK$13,436,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, the Directors do not expect the adoption of HKFRS 16, as compared to the current accounting policy of the Group, would result in significant impact on the results and net assets of the Group.

Except those mentioned above, the Directors anticipate that the application of other new and revised HKFRSs and Interpretations will have no material impact on the consolidated financial statements in foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for held for trading investments that are measured at fair values at the end of the reporting period as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(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.

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period 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 item 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.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Merger accounting for business combination involving entities under common control

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

The net assets of the combining entities or businesses are consolidated 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, to the extent of the continuation of the controlling party's interest.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable from restaurant operations and net of discounts.

Revenue is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for the Group's activities as described below.

Revenue from restaurant operations is recognised at the point of sales to customers.

Interest income is accrued on a time apportionment 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Leasing

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their 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 as a finance lease obligation.

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 expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

4. 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. Contingent rentals under operating leases are recognised as expenses in the periods 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.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other periods 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

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

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

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

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.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance lease) and buildings for operations are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

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

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 sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the “MPF Scheme”), which is a defined contribution plan, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities’ carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss expect to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Impairment on tangible assets (other than financial assets)

At the end of the 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 to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on tangible assets (other than financial assets) *(Continued)*

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

Financial assets

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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 paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is held for trading.

A financial assets is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in other gains and losses line item. Fair value is determined in the manner described in note 30.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a shareholder, rental and utility deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets

Financial assets, other than those at FVTPL, 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 asset, the estimated future cash flows of the financial assets have been affected.

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.

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 credit period of 30 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Debt 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 instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entity 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 and other payables, amount due to a director, amount due to a shareholder/a non-controlling shareholder of subsidiaries, advances from non-controlling shareholders of subsidiaries and bank borrowings 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.

On derecognition of a financial assets, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled and 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligations, 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 obligations, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Foreign currencies

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

Exchanges differences on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the coming financial year.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimation of useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and deprecation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions and will take into account the lease term (including renewal option) of the Group's restaurants. The management will accelerate the depreciation charge where the economic useful lives are shorter than previously estimated due to removal or closure of restaurants. Actual economic useful lives may differ from estimated economic useful lives.

In addition, the management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. When the recoverable amounts of property, plant and equipment differ from the original estimates, adjustment will be made and recognised in the period in which such event takes places. As at 31 March 2018, the carrying amount of property, plant and equipment is approximately HK$24,530,000 (2017: HK$22,661,000).

6. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received and receivable from restaurant operations, net of discounts, during the years ended 31 March 2018 and 2017.

The principal activities of the Group are operating restaurants serving different kinds of cuisine in Hong Kong during the years ended 31 March 2018 and 2017. Information reported to the Controlling Shareholders, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment, focuses on types of goods or services delivered or provided. The CODM has determined that the Group has only one reportable segment which includes all the restaurants serving different kinds of cuisine in Hong Kong, each of which is considered a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as they are all full-service restaurants which target the mid-to-high-end customers in Hong Kong.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	2018 HK$'000	2017 HK$'000
Revenue from external sales	**215,175**	198,568
Segment profit	**31,334**	29,140
Unallocated other income	**64**	56
Unallocated other gain and losses, net	**(335)**	(116)
Unallocated expenses	**(24,153)**	(3,226)
Profit before tax	**6,910**	25,854

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit earned by the reportable segment without interest income from life insurance policy, loss on disposal of property, plant and equipment, gain on changes in fair value of held for trading investments, allocation of central administration costs and listing expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Measures of total assets and liabilities are not reported as this financial information is not reviewed by the CODM for the assessment of performance and allocation of resources of the Group's business activities.

The Group's revenue from external customers by cuisine is as follow:

	2018 HK$'000	2017 HK$'000
Vietnamese	**70,075**	71,297
Japanese	**93,847**	78,992
Western	**13,878**	10,902
Chinese	**37,375**	37,377
	215,175	198,568

No geographical information is presented as the Group's operations and non-current assets are located in Hong Kong.

The Group's customer base is diversified and no individual customer had contributed more than 10% of the Group's revenue during the years ended 31 March 2018 and 2017.

7. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Bank interest income	**9**	–
Interest income from life insurance policy	**64**	56
Others	**540**	234
	613	290

8. OTHER GAINS AND LOSSES, NET

	2018 HK$'000	2017 HK$'000
Loss on disposal of property, plant and equipment	**(335)**	(117)
Gain on changes in fair value of held for trading investments	**–**	1
Insurance claim for a burglary accident	**–**	66
	(335)	(50)

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interests on:		
— bank borrowings	**513**	295
— obligations under finance leases	**25**	16
	538	311

10. PROFIT BEFORE TAX

	2018 HK$'000	2017 HK$'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,380**	220
Directors' remuneration (Note 12)	**4,915**	5,835
Other staff costs		
— salaries and other benefits	**54,503**	50,774
— performance-based bonus*	**6,181**	5,908
— retirement benefits scheme contribution excluding directors	**2,564**	2,125
— provision for long service payments	**198**	–
Total directors and other staff costs	**68,361**	64,642

* Performance-based bonus of the employees were determined based on the revenue generated by the respective restaurants in the relevant year.

11. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
The charge comprises Hong Kong Profits Tax		
— Current tax	**3,859**	4,046
— Underprovision in prior year	**77**	–
Deferred tax charge (Note 26)	**203**	41
	4,139	4,087

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

11. INCOME TAX EXPENSE *(Continued)*

Income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 **HK$'000**	2017 HK$'000
Profit before tax	**6,910**	25,854
Tax at the Hong Kong Profits Tax rate of 16.5%	**1,140**	4,266
Tax effect of expenses not deductible for tax purpose	**3,131**	–
Tax effect of income not taxable for tax purpose	**(1)**	–
Utilisation of temporary difference not recognised	**(131)**	(90)
Tax effect of tax losses not recognised	**181**	242
Tax effect of utilisation of tax losses previously not recognised	**(53)**	(231)
One-off tax reduction of Hong Kong Profits Tax by Inland Revenue Department	**(205)**	(100)
Underprovision in prior year	**77**	–
Income tax expense for the year	**4,139**	4,087

12. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

Particulars of the emoluments of directors, the chief executive and the five highest paid employees are as follows:

(a) Directors' and chief executive's emoluments

The Directors were appointed on 26 June 2017. Details of the emoluments paid or payable to the directors and the chief executive of the Company (including emoluments for their services as employees or directors of the group entities prior to becoming directors of the Company) during the years ended 31 March 2018 and 2017 are as follows:

	Executive directors		Independent non-executive directors			
	Mr. NS Wong HK$'000	Ms. Chan HK$'000	Mr. Tsang Siu Chun HK$'000	Mr. Wang Chin Mong HK$'000	Ms. Chan Yuen Ting HK$'000	Total HK$'000
Year ended 31 March 2018						
Directors						
Fees	–	–	21	21	21	63
Other emoluments						
– Salaries and other benefits (including housing allowance)	3,134	1,682	–	–	–	4,816
– Retirement benefits scheme contribution	18	18	–	–	–	36
	3,152	1,700	21	21	21	4,915

12. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

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

	Mr. NS Wong HK$'000	Ms. Chan HK$'000	Total HK$'000
Year ended 31 March 2017			
Executive directors			
Fees	–	–	–
Other emoluments			
— Salaries and other benefits (including housing allowance)	4,399	1,400	5,799
— Retirement benefits scheme contribution	18	18	36
	4,417	1,418	5,835

Ms. Chan was appointed as the chief executive of the Company on 26 June 2017.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

No emolument was paid or payable to the independent non-executive directors, namely Mr. Tsang Siu Chun, Mr. Wang Chin Mong and Ms. Chan Yuen Ting, during the year ended 31 March 2017 as these independent non-executive directors were appointed by the Company on 20 December 2017.

(b) Five highest paid employees

The five highest paid employees of the Group during the year included two (2017: two) directors whose details of emoluments are set out in (a) above. The remunerations of the remaining three (2017: three) employees are as follows:

	2018 HK$'000	2017 HK$'000
Salaries and allowances	**1,922**	1,083
Performance-based bonus*	**166**	304
Retirement benefits scheme contribution	**54**	48
	2,142	1,435

* Performance-based bonus of the employees were determined based on the revenue generated by the respective restaurants in the relevant year.

12. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(b) Five highest paid employees *(Continued)*

The number of the highest paid employees, who are neither a director nor chief executive of the Company, whose emoluments fell within the following band is as follows:

	Number of employees	
	2018	2017
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	–
	3	3

No emolument was paid by the Group to the directors or any of the highest paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office for both years. None of the Directors has waived or agreed to waive any remuneration.

13. DIVIDENDS

During the year ended 31 March 2017, Better World Holdings, a subsidiary of the Company currently, declared an interim dividend of HK$23,000,000 before completion of the Group Reorganisation to its Controlling Shareholders.

During the year ended 31 March 2017, Rise Charm, Nice Grain, Business Development, Better World Development and Taste Gourmet, the then non-wholly owned subsidiaries of the Company, declared and paid dividends of HK$2,200,000, HK$3,900,000, HK$5,000,000, HK$5,020,000 and HK$5,000,000, respectively, to their shareholders, and HK$7,506,000 in total was paid to the then non-controlling shareholders as dividends of these subsidiaries.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2018 of HK2.2 cents (2017: nil) per ordinary share, in an aggregate amount of HK$8,800,000 (2017: nil), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2018 HK$'000	2017 HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**1,208**	14,214

	Number of shares	Number of shares
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**308,779,041**	245,794,120

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the years ended 31 March 2018 and 2017 has been determined on the assumption that the Group Reorganisation and the capitalisation issue as described in Note 27 had been effective since 1 April 2016.

No diluted earnings per share is presented as there were no potential ordinary shares in issue during the years ended 31 March 2018 and 2017.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 April 2016	3,094	27,044	4,625	802	–	35,565
Addition	–	8,223	883	881	–	9,987
Written off	–	(2,628)	(480)	–	–	(3,108)
Disposal	–	(686)	(27)	–	–	(713)
At 31 March 2017	3,094	31,953	5,001	1,683	–	41,731
Addition	–	5,751	3,900	–	1,438	11,089
Disposal	(3,094)	–	–	–	–	(3,094)
At 31 March 2018	–	37,704	8,901	1,683	1,438	49,726
ACCUMULATED DEPRECIATION						
At 1 April 2016	20	14,295	3,143	93	–	17,551
Charge for the year	79	4,327	595	190	–	5,191
Eliminated on written off	–	(2,628)	(480)	–	–	(3,108)
Disposal	–	(542)	(22)	–	–	(564)
At 31 March 2017	99	15,452	3,236	283	–	19,070
Charge for the year	20	5,013	876	336	–	6,245
Disposal	(119)	–	–	–	–	(119)
At 31 March 2018	–	20,465	4,112	619	–	25,196
CARRYING VALUES						
At 31 March 2018	–	17,239	4,789	1,064	1,438	24,530
At 31 March 2017	2,995	16,501	1,765	1,400	–	22,661

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and building	Over the lease term
Leasehold improvements	20% or over the lease terms, where appropriate
Furniture and equipment	20%
Motor vehicles	20%

As at 31 March 2018, motor vehicles with net book values of approximately HK$1,064,000 (2017: HK$1,400,000), are held under finance leases.

As at 31 March 2017, the leasehold land and building held by the Group situated in Hong Kong with net book values of approximately HK$2,995,000 (2018: Nil) were pledged to secure bank borrowings granted to the Group (Note 21).

16. HELD FOR TRADING INVESTMENTS

	2018 **HK$'000**	2017 HK$'000
Listed securities:		
— Equity securities listed in the Stock Exchange	–	27

17. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**1,739**	966
Rental and utilities deposits	**14,984**	10,706
Prepayments for life insurance policy (Note)	**1,569**	1,527
Prepaid rent and rates and property management fee	**2,790**	2,562
Prepayment, other receivables and other deposits	**4,334**	319
Deposits for acquisitions of property, plant and equipment	**825**	–
	26,241	16,080
Less items expected to be realised over one year shown under non-current assets:		
— Rental and utilities deposits	**(13,385)**	(8,111)
— Prepayments for life insurance policy	**(1,566)**	(1,524)
— Deposits for acquisitions of property, plant and equipment	**(825)**	–
— Deposit for acquisition of a business	**(130)**	–
	10,335	6,445

Note: In January 2012, the Group entered into a life insurance policy with an insurance company to insure Mr. NS Wong, a director of the Company (the "Policy"). Under this Policy, the Group is the beneficiary and policy holder and the total insured sum is United States Dollar ("US$")1,080,000 (equivalent to approximately HK$8,370,000). The Group is required to pay a single premium of US$172,925 (equivalent to approximately HK$1,340,000) at inception. The Group can, at any time, withdraw cash based on the account value of the policy ("Account Value") at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge deducted from Account Value. This insurance company will pay the Group a guaranteed interest rate of 4.4% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 3% per annum) during the effective period of the policy.

At the inception date of the policy, the upfront payment made by the Group included a fixed policy premium charge and a deposit. Monthly policy expense and insurance charges will be incurred over the insurance period with reference to the terms set out in the life insurance policy. The policy premium, expense and insurance charges are recognised in profit or loss over the expected life of the policy and the deposit placed is carried at amortised cost using the effective interest method. As represented by the Directors, the Group will not terminate the policy nor withdraw cash prior to 16th policy year for the Policy and the expected life of the policy remained unchanged from the initial recognition.

17. TRADE AND OTHER RECEIVABLES *(Continued)*

The revenue from sales of food and beverages are on cash or credit card settlement. The Group allows a credit period of 30 days to its trade receivables arising from sales of food and beverages through food delivery service agents.

As at 31 March 2018 and 2017, the Company's trade receivables represents receivables from financial institutions in relation to the payment settled by credit cards by customers of which the settlement period is normally within 2 days from the service rendered date, and receivables from the food delivery agents. Based on transaction date, all trade receivables as based on invoice date are aged within 30 days as at the end of each reporting date. All trade receivables are settled subsequent to the end of the reporting period. None of the trade receivables are past due but not impaired as at 31 March 2018 and 2017.

Before accepting any new food delivery agent, the Group assesses the potential food delivery agent's credit quality and defines credit limits by food delivery agents. Limits and scoring attributed to food delivery agents are reviewed regularly by the Directors. Trade receivables which are past due are provided for impairment loss based on estimated irrecoverable amounts from sales of goods, determined by reference to past default experience.

None of the Group's trade receivables was individually or collectively considered to be impaired. The Group does not hold any collateral over these balances.

Included in trade and other receivables is the following amount denominated in a currency other than the functional currency of the respective group entity:

	2018 **HK$'000**	2017 HK$'000
US$	**1,569**	1,527

18. BANK BALANCES AND CASH

Bank balances and cash comprise cash held and short term deposits within an original maturity of three months or less and carry interest at prevailing market rates ranging from nil to 0.02% per annum as at 31 March 2018 (2017: nil to 0.02% per annum).

Included in bank balances is the following amount denominated in a currency other than the functional currency of the respective group entity:

	2018 HK$'000	2017 HK$'000
Renminbi ("RMB")	**16**	16

19. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables		
— aged within 30 days (based on invoice date)	**4,383**	3,510
Accrued employee benefit expense	**5,629**	4,060
Deferred rent	**2,347**	2,113
Other payable for property, plant and equipment	**275**	–
Accruals	**2,886**	481
	15,520	10,164

The credit period granted by suppliers on purchase of goods is 0 to 30 days. No interest is charged by the trade creditors.

20. OBLIGATIONS UNDER FINANCE LEASES

	2018 HK$'000	2017 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**381**	539
Non-current liabilities	**176**	557
	557	1,096

It is the Group's policy to lease motor vehicles under finance leases. The average lease term is 3 years (2017: 3 years). The average interest rates underlying all obligations under finance leases were 1.23% (2017: 1.23%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Obligation under finance leases payable				
— within one year	**391**	564	**381**	539
— in more than one year but not more than two years	**179**	391	**176**	380
— in more than two years but not more than five years	**–**	179	**–**	177
	570	1,134	**557**	1,096
Less: Future finance charges	**(13)**	(38)		
Present value of lease obligations	**557**	1,096		
Less: Amount due for settlement within one year shown under current liabilities			**(381)**	(539)
Amount due for settlement after one year			**176**	557

During the year ended 31 March 2017, the Group entered into a finance lease arrangement in respect of a motor vehicle with a total capital value at the inception of the leases of approximately HK$813,000 (2018: Nil).

21. BANK BORROWINGS

	2018 HK$'000	2017 HK$'000
Bank loans, secured and guaranteed	**4,504**	12,436
Carrying amount repayable (according to scheduled repayment term as set out in the loan agreements):		
— Within one year	**1,212**	3,814
— More than one year, but not exceeding two years	**1,246**	3,904
— More than two years, but not exceeding five years	**2,046**	4,718
	4,504	12,436
Carrying amount that contain a repayment on demand clause (shown under current liabilities)	**4,504**	12,436

The Group's bank borrowings carries variable-rate interest at Hong Kong Dollar Best Lending Rate ("BLR") less 1.50% to 2.25% per annum, or at the Hong Kong Prime Rate less 2.05% per annum.

The range of effective interest rates (which are also equal to contractual interest rates) on the Group's borrowings are as follows:

	2018	2017
Effective interest rate (per annum):		
Variable-rate borrowings	**2.80%**	2.75% to 3.00%

The secured bank borrowings of HK$4,504,000 as at 31 March 2018 (2017: HK$12,436,000), represent term loans borrowed by the Group for its operation. As at 31 March 2018, such term loan was secured by (1) the leasehold land and buildings owned by the Controlling Shareholders; (2) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Group; and (3) guarantees given by the Controlling Shareholders.

As at 31 March 2017, such term loans are secured by (1) the leasehold land and buildings owned by the Controlling Shareholders; (2) the life insurance policy for Mr. NS Wong held by the Group as mentioned in Note 17; (3) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Group; and (4) guarantees given by the Controlling Shareholders and a shareholder of the Company.

Subsequent to the reporting period, the above guarantees from a shareholder and Controlling Shareholders of the Company, and a pledge of the leasehold land and buildings owned by Controlling Shareholders of the Company to secure the bank borrowings of the Group have been released.

21. BANK BORROWINGS *(Continued)*

In September 2017, the Group was in breach of one of the financial undertakings for a bank loan which was waived by the bank subsequently on 25 October 2017. There was no such breach of the financial undertakings as at 31 March 2018.

As at the end of the reporting period, the Group has undrawn borrowing facilities under floating rate amounting to HK$24,450,000 (2017: HK$7,650,000).

22. AMOUNTS DUE FROM/TO A DIRECTOR, A SHAREHOLDER, A SHAREHOLDER/ A NON-CONTROLLING SHAREHOLDER OF SUBSIDIARIES AND ADVANCES FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

(a) Amount due from a shareholder

The amount is non-trade in nature, unsecured, interest free and repayable on demand.

The maximum amount outstanding during the year ended 31 March 2018 is HK$29,000 (2017: Nil).

(b) Amount due to a director

The amount is due to Mr. NS Wong and is non-trade in nature, unsecured, interest free and repayable on demand. The amount had been fully settled in September 2017.

(c) Amount due to a shareholder/a non-controlling shareholder of subsidiaries

The amount is of trade nature, unsecured, interest free and with a credit term of 30 days. The trade balance as at 31 March 2018 and 2017 based on the invoice date is aged within 30 days and not past due nor impaired.

(d) Advances from non-controlling shareholders of subsidiaries

The amounts were non-trade in nature, unsecured, interest free and repayable on demand. The amounts had been fully settled in September 2017.

As part of the Group Reorganisation as detailed in Note 2, the non-controlling interests in certain subsidiaries of Better World Holdings were acquired by Better World Holdings on 23 June 2017, by issuance and allotment of shares of the Company credited as fully paid to the relevant non-controlling shareholders. Accordingly, these non-controlling shareholders of subsidiaries become shareholders of the Company since 23 June 2017.

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Accrual issue cost (Note i)	Obligations under finance leases HK$'000 (Note ii)	Amount due to a director HK$'000 (Note iii)	Advances from non-controlling shareholders of subsidiaries HK$'000 (Note iv)	Bank borrowings HK$'000 (Note v)	Total HK$'000
At 1 April 2016	–	585	5,622	3,485	5,001	14,693
Financing cash flows	–	(318)	(16,484)	(8,271)	7,140	(17,933)
Finance cost recognised	–	16	–	–	295	311
Dividend declared	–	–	23,000	7,506	–	30,506
New finance leases	–	813	–	–	–	813
At 31 March 2017	–	1,096	12,138	2,720	12,436	28,390
Financing cash flows	(8,392)	(564)	(12,138)	(2,720)	(8,445)	(32,259)
Finance cost recognised	–	25	–	–	513	538
Accrued issue cost	8,392	–	–	–	–	8,392
At 31 March 2018	–	557	–	–	4,504	5,061

Notes:

(i) The cash flows from accrued issue cost represents the payment of transaction cost attributable to issue of new shares as a result of the Listing on the Stock Exchange.

(ii) The cash flows from obligations under finance leases comprise principal repayment for obligations under finance leases and interest paid on obligations under finance leases in the consolidated statement of cash flows.

(iii) The cash flows from amount due to a director comprise the net amount of advance from and repayments to a director in the consolidated statement of cash flows.

(iv) The cash flows from advances from non-controlling shareholders of subsidiaries comprise the net amount of advances from and repayment to non-controlling shareholders of subsidiaries in the consolidated statement of cash flows.

(v) The cash flows from bank borrowings comprise the net amount of proceeds from bank borrowings, and repayments of principal and interest paid on bank borrowings in the consolidated statement of cash flows.

24. PROVISION FOR REINSTATEMENT COSTS

	Reinstatement works HK$'000
At 1 April 2016	635
Addition	63
At 31 March 2017	698
Addition	175
At 31 March 2018	873

The provision for reinstatement costs related to the estimated cost of reinstating the rented premises to be carried out at the end of the respective lease period. These amounts have not been discounted for the purpose of measuring the provision for reinstatement works as the effect is not significant.

25. PROVISION FOR LONG SERVICE PAYMENTS

Movements in the Group's long service payment liability during the year are as follows:

	HK$'000
At 1 April 2016 and 31 March 2017	–
Addition	198
At 31 March 2018	198

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service, and is reduced by entitlements accrued under the Group's MPF Scheme that is attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations. These amounts have not been discounted for the purpose of measuring the provision for long service payments as the effect is not significant.

26. DEFERRED TAXATION

	2018 HK$'000	2017 HK$'000
Deferred tax assets	**481**	349
Deferred tax liabilities	**(957)**	(622)
	(476)	(273)

	Depreciation allowance HK$'000
At 1 April 2016	(232)
Charge to profit or loss for the year	(41)
At 31 March 2017	(273)
Charge to profit or loss for the year	(203)
At 31 March 2018	(476)

The Group has unused estimated tax losses of approximately HK$3,981,000 (2017: HK$3,205,000) and deductible temporary difference of HK$672,000 (2017: HK$1,465,000) available for offset against future profits as at 31 March 2018, respectively. No deferred tax has been recognised in respect of such unused tax losses and deductible temporary differences due to the unpredictability of future profit streams. Unused tax losses may be carried forward indefinitely.

27. SHARE CAPITAL

Share capital of the Group as at 1 April 2016 and 31 March 2017 represented the issued capital of Better World Holdings with carrying amount of HK$100.

The share capital at 31 March 2018 represents the issued share capital of the Company as detailed below.

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 26 May 2017 (date of incorporation)	3,800,000	380
Increase in authorised share capital on 20 December 2017 (Note a)	996,200,000	99,620
At 31 March 2018	1,000,000,000	100,000
Issued and fully paid:		
Issue of share at date of incorporation (Note a)	1	–
Issue of shares on 23 June 2017 pursuant to the Group Reorganisation (Note b)	2,999,999	300
Capitalisation issue (Note c)	297,000,000	29,700
Issue of shares on 17 January 2018 (Note d)	100,000,000	10,000
At 31 March 2018	400,000,000	40,000

Notes:

(a) The Company was incorporated and registered as an exempted company in the Cayman Islands on 26 May 2017 with an authorised share capital of HK$380,000 divided into 3,800,000 shares of a nominal value of HK$0.1 each. Upon incorporation of the Company, one subscriber share was allotted and issued as nil paid to independent third party as initial subscriber and the nil-paid share was transferred to IKEAB on the same day. Pursuant to the written resolutions passed by the then shareholders of the Company on 20 December 2017, the authorised share capital has been increased to HK$100,000,000 divided into 1,000,000,000 shares of a nominal value of HK$0.1 each.

(b) On 23 June 2017, as part of the Group Reorganisation as disclosed in Note 2, the Company allotted and issued 2,494,999 shares to IKEAB, a company which is wholly-owned by the Controlling Shareholders, and 505,000 shares to the then non-controlling shareholders of certain subsidiaries of Better World Holdings.

(c) Pursuant to the written resolutions passed by the then shareholders of the Company on 20 December 2017, conditional upon the share premium account of the Company being credited as a result of the proposed public offer and placing of shares of the Company on GEM of the Stock Exchange ("Share Offer"), the Directors were authorised to capitalise the amount of HK$29,700,000 from the amount standing to the credit of the share premium account of the Company to pay up in full at par a total of 297,000,000 ordinary shares of HK$0.1 each for allotment and issue to the shareholders as of 20 December 2017, on a pro rata basis.

(d) On 17 January 2018, the Company was successfully listed on the GEM of the Stock Exchange following the completion of Listing of 100,000,000 new shares of HK$0.1 each issued at a price of HK$0.92 per share. Proceeds of HK$10,000,000, representing the par value of the shares issued, was credited to the share capital of the Company. The remaining proceeds of HK$82,000,000 was credited to the share premium account.

27. SHARE CAPITAL *(Continued)*

The shares allotted and issued during the year ended 31 March 2018 ranked pari passu in all respects with the then existing shares of the Company.

28. RETIREMENT BENEFITS SCHEME

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500 (the "Mandatory Contributions"), and this is the only obligation of the Group with respect to the MPF Scheme to make the required contribution. The employees are entitled to 100% of the employer's Mandatory Contributions upon their retirement at the age of 65, death or total incapacity.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contribution paid or payable to the funds by the Group at rates specified in the rules of the MPF Scheme.

During the year ended 31 March 2018, total expense recognised in profit or loss of HK$2,600,000 (2017: HK$2,161,000), represents contributions paid and payable to the MPF Scheme by the Group at rates specified in the rules of the MPF Scheme.

29. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits, as disclosed in the consolidated statement of changes in equity.

The management of the Group reviews the capital structure from time to time. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**96,926**	34,406
Held for trading investments	**–**	27
	96,926	34,433
Financial liabilities		
Amortised cost	**9,577**	31,199

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, rental and utility deposits, amount due from a shareholder and held for trading investments, trade and other payables, amount due to a director, a shareholder/a non-controlling shareholder of subsidiaries, advances from non-controlling shareholders of subsidiaries and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. Details of each type of market risks are described as follows:

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and bank balances. The Group currently does not enter into any hedging instrument for cash flow interest rate risk. However, the Group monitors interest rate risk exposure and will consider hedging significant interest rate risk should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of BLR of the relevant banks arising from the Group's Hong Kong dollars denominated borrowings.

30. FINANCIAL INSTRUMENTS *(Continued)*

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

***Market risks** (Continued)*

(i) Interest rate risk (Continued)

Sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings at the end of the reporting period. The analysis is prepared assuming amounts of these financial instruments outstanding at the end of the reporting period were outstanding for the whole period. A 50 basis points increase or decrease represents management's assessment on the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower for variable rate bank borrowings, with all other variables held constant, the Group's post-tax profit for the year ended 31 March 2018 would decrease/increase by approximately HK$19,000 (2017: HK$52,000).

No sensitivity analysis of bank balances of the Group is presented as the management of the Group considers that the interest rate fluctuations on bank balances is minimal.

(ii) Foreign currency risk

The Group undertakes certain operating transactions in foreign currency, which exposes the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should such need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at the end of each reporting period are as follows:

	2018		2017	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
RMB	**16**	**–**	16	–
US$	**1,569**	**–**	1,527	–

As the US$ will only vary between HK$7.75=US$1 and HK$7.85=US$1 under the Linked Exchange Rate System, the management of the Group is of the opinion that the Group's exposure to US$ is minimal and accordingly, no foreign currency sensitivity analysis on US$ is presented.

Due to the insignificant balance of RMB held by the Group, the management of the Group considered the exposure to foreign currency risk for RMB against HK$ is minimal, and no sensitivity analysis is prepared.

30. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risks *(Continued)*

(iii) Credit risk

The maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

The credit risk on bank balances is limited as such amounts are placed with or due from financial institutions with good reputation or credit ratings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of committed credit facilities. The committed unutilised banking facilities made available to the Group are approximately HK$24,450,000 (2017: HK$7,650,000).

The Group managed liquidity risk by maintaining sufficient cash and the availability of adequate banking facilities to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

30. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

Liquidity tables

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2018						
Non-derivative financial liabilities						
Trade and other payables	–	4,658	–	–	4,658	4,658
Amount due to a shareholder	–	415	–	–	415	415
Bank borrowings	2.80	4,504	–	–	4,504	4,504
		9,577	–	–	9,577	9,577
Obligations under finance leases	1.23	391	179	–	570	557
		9,969	179	–	10,148	10,135

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2017						
Non-derivative financial liabilities						
Trade payables	–	3,510	–	–	3,510	3,510
Amount due to a non-controlling shareholder of subsidiaries	–	395	–	–	395	395
Amount due to a director	–	12,138	–	–	12,138	12,138
Advances from non-controlling shareholders of subsidiaries	–	2,720	–	–	2,720	2,720
Bank borrowings	2.94	12,436	–	–	12,436	12,436
		31,199	–	–	31,199	31,199
Obligations under finance leases	1.23	564	391	179	1,134	1,096
		31,763	391	179	32,333	32,295

30. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2018, the aggregate carrying amount of these bank borrowings amounted to HK$4,504,000 (2017: HK$12,436,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that these bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group's aggregate principal and interest cash outflows for bank borrowings with a repayment on demand clause. To the extent that interest flows are variable rates, the undiscounted amount is derived from weighted average interest rate at the end of reporting period.

	Weighted average effective interest rate %	Less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Bank borrowings with a repayment on demand clause						
As at 31 March 2018	**2.80**	**1,323**	**1,323**	**2,094**	**4,740**	**4,504**
As at 31 March 2017	2.94	4,179	4,158	4,857	13,194	12,436

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

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

Financial asset	Fair value as at 31 March 2018 HK$'000	Fair value as at 31 March 2017 HK$'000	Fair value hierarchy	Valuation technique and key input
Held for trading Investments	**–**	27	Level 1	Quote price in an active market

There were no transfers amongst level 1, level 2 and level 3 for both years.

The Directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the consolidated financial statements approximate their fair values.

31. OPERATING LEASE COMMITMENTS

	2018 HK$'000	2017 HK$'000
The Group as lessee		
Lease payments under operating leases in respect of restaurant premises, office premises and directors' quarters:		
— minimum lease payments	**30,101**	22,148
— contingent rents	**2,123**	1,468
	32,224	23,616

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating which fall due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	**35,567**	20,535
In the two to fifth year inclusive	**61,868**	18,226
	97,435	38,761

The above operating lease payments represent rental payable by the Group for office premises, directors' quarters and restaurant premises for the years ended 31 March 2018 and 2017.

Leases and rentals are negotiated and fixed for the term of two to five years. The operating lease rentals for certain restaurants are determined at the higher of a fixed rental or a pre-determined percentage on revenue of respective restaurants pursuant to the terms and conditions that are set out in the respective rental agreements. As the future revenue of these restaurants could not be reliably determined, the relevant contingent rents have not been included above and only the minimum lease commitments have been included in the table above.

The lease agreements entered into between the landlord and the Group include a renewal option at the discretion of the respective group entities for further two to three years from the end of the leases without fixed rental. Accordingly, this is not included in the above commitment.

32. CAPITAL COMMITMENTS

	2018 HK$'000	2017 HK$'000
Contracted for but not provided:		
Property, plant and equipment	**549**	–

33. RELATED PARTY TRANSACTIONS

Apart from details of the balances with related parties disclosed in the consolidated statement of financial position and other details disclosed elsewhere in the consolidated financial statements, the Group also entered into the following transactions with related parties during the years:

Name of related party	Nature of transactions	2018 HK$'000	2017 HK$'000
Chiu Kee (Note 1)	Purchases of food ingredients	**5,106**	5,889
Mr. NS Wong and Ms. Chan (Note 2)	Rental expenses of office premises	**243**	–

Notes:

(1) This related party is owned by a non-controlling shareholder of subsidiaries who became a shareholder of the Company since 23 June 2017 following the Group Reorganisation as disclosed in Note 2.

(2) On 30 June 2017, the leasehold land and building owned by the Group was disposed of to the Controlling Shareholders at a consideration of HK$2,640,000, which represented the market value of the leasehold land and building at 31 March 2018 as determined with reference to the transaction prices of comparable properties of similar size, character and location as assessed by Asset Appraisal Limited, a firm of independent qualified professional valuer not related to the Group. The address of Asset Appraisal Limited is Room 901, 9/F, On Hong Commercial Building, No. 145 Hennessy Road, Wan Chai, Hong Kong. The Group entered into a rental agreement with the Controlling Shareholders in respect of this leasehold land and building for a fixed term of one year commencing from 1 July 2017.

33. RELATED PARTY TRANSACTIONS *(Continued)*

In addition, the warehouse premises owned by Mr. NS Wong and Ms. Chan, the Controlling Shareholders, had been provided to the Group as storage facilities at nil consideration for the years ended 31 March 2018 and 2017.

As at 31 March 2018, the bank borrowing with carrying amount of approximately HK$4,504,000, was (1) secured by the leasehold land and buildings owned by the Controlling Shareholders; and (2) guarantees given by the Controlling Shareholders which was subsequently replaced by the corporate guarantee of the Company.

As at 31 March 2017, the bank borrowings with carrying amounts of approximately HK$12,436,000, are (1) secured by the leasehold land and buildings owned by the Controlling Shareholder and (2) guarantees given by the Controlling Shareholders and a non-controlling shareholders of subsidiaries of the Company.

Compensation of key management personnel

The remuneration of senior management personnel including executive directors' remuneration during the year is as follows:

	2018 **HK$'000**	2017 HK$'000
Short-term benefits	**7,614**	7,186
Post-employment benefits	**123**	84
	7,737	7,270

34. PARTICULARS OF SUBSIDIARIES

General information of subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are set out below:

Name of subsidiaries #	Place of incorporation and operation	Date of incorporation	Issued and fully paid-up share capital	Attributable equity interest held by the Company As at 31 March 2018	As at 31 March 2017	Principal activities
BWHK	BVI/Hong Kong ("HK")	31 May 2017	US$1	**100%**	–	Investment holding
Better World Holdings	HK	10 April 2012	HK$100	**100%**	100%	Investment holding
Rise Charm	HK	13 September 2007	HK$100	**100%**	55%	Restaurant operations
Better World Development	HK	2 October 2009	HK$100	**100%**	65%	Restaurant operations
Nice Grain	HK	11 July 2011	HK$100	**100%**	51%	Restaurant operations
Taste New	HK	18 June 2012	HK$100	**100%**	60%	Restaurant operations
Taste Gourmet	HK	19 May 2014	HK$200	**100%**	68%	Restaurant operations
Business Development	HK	5 August 2014	HK$100	**100%**	65%	Restaurant operations
Better World Management Limited	HK	11 September 2014	HK$1	**100%**	100%	Provision of management services
MP Limited	HK	23 April 2015	HK$1	**100%**	100%	Restaurant operations

BWHK is a directly held subsidiary of the Company. All other subsidiaries are indirectly held by the Company.

All the companies comprising the Group have adopted 31 March as their financial year end date.

None of the subsidiaries had issued any debt securities at the end of the year.

35. DETAILS OF THE NON-WHOLLY OWNED SUBSIDIARIES

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		As at 31 March 2018	As at 31 March 2017	**For the year ended 31 March**		**As at 31 March 2018**	As At 31 March 2017
				2018 HK$'000	2017 HK$'000	**HK$'000**	HK$'000
Nice Grain	Hong Kong	**–**	49%	**567**	2,029	**–**	2,396
Rise Charm	Hong Kong	**–**	45%	**27**	1,872	**–**	2,543
Individually immaterial subsidiaries with non-controlling interests				**969**	3,652	**–**	324
				1,563	7,553	**–**	5,263

Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests

Summarised financial information as at 31 March 2018 and 2017 and for the years ended 31 March 2018 and 2017 in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represented amounts before intragroup elimination.

Nice Grain

	2018 HK$'000 (Note (i))	2017 HK$'000
Current assets	**N/A**	3,837
Non-current assets	**N/A**	1,795
Current liabilities	**N/A**	(707)
Non-current liabilities	**N/A**	(36)
Equity attributable to owners of the Company	**N/A**	2,493
Non-controlling interests	**N/A**	2,396

35. DETAILS OF THE NON-WHOLLY OWNED SUBSIDIARIES *(Continued)*

Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests *(Continued)*

***Nice Grain** (Continued)*

	2018 HK$'000 (Note (ii))	2017 HK$'000
Revenue	**5,512**	24,545
Expenses	**(4,354)**	(20,405)
Profit and total comprehensive income for the year	**1,158**	4,140
Profit and total comprehensive income for the year attributable to owners of the Company	**591**	2,111
Profit and total comprehensive income for the year attributable to non-controlling interests	**567**	2,029
	1,158	4,140
Dividends declared to non-controlling interests of Nice Grain	**–**	1,911
Net cash (outflow) inflow (used in) from operating activities	**(421)**	3,967
Net cash outflow used in investing activities	**–**	(613)
Net cash outflow used in financing activities	**–**	(3,848)
Net cash outflow	**(421)**	(494)

Notes:

(i) On 23 June 2017, as part of the Group Reorganisation disclosed in Note 2, Better World Holdings acquired the remaining 49% equity interests of Nice Grain not previously owned by issuance and allotment of 129,385 shares of the Company to the then non-controlling shareholders of Nice Grain. Nice Grain becomes a wholly-owned subsidiary of Better World Holdings since 23 June 2017.

(ii) The financial information for the year ended 31 March 2018 covers the period from 1 April 2017 to 23 June 2017, the date on which the remaining 49% equity interest of Nice Grain was acquired by Better World Holdings.

35. DETAILS OF THE NON-WHOLLY OWNED SUBSIDIARIES *(Continued)*

Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests *(Continued)*

Rise Charm

	2018 HK$'000 (Note (i))	2017 HK$'000
Current assets	**N/A**	4,735
Non-current assets	**N/A**	2,805
Current liabilities	**N/A**	(1,788)
Non-current liabilities	**N/A**	(101)
Equity attributable to owners of the Company	**N/A**	3,108
Non-controlling interests	**N/A**	2,543

	2018 HK$'000 (Note (ii))	2017 HK$'000
Revenue	**5,108**	37,560
Expenses	**(5,048)**	(33,400)
Profit and total comprehensive income for the year	**60**	4,160
Profit and total comprehensive income for the year attributable to owners of the Company	**33**	2,288
Profit and total comprehensive income for the year attributable to non-controlling interests	**27**	1,872
	60	4,160
Dividends declared to non-controlling interests of Rise Charm	**–**	990
Net cash (outflow) inflow (used in) from operating activities	**(614)**	2,629
Net cash outflow used in investing activities	**–**	(530)
Net cash outflow used in financing activities	**(36)**	(2,765)
Net cash outflow	**(650)**	(666)

35. DETAILS OF THE NON-WHOLLY OWNED SUBSIDIARIES *(Continued)*

Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests *(Continued)*

Rise Charm *(Continued)*

Notes:

(i) On 23 June 2017, as part of the Group Reorganisation disclosed in Note 2, Better World Holdings acquired the remaining 45% equity interests of Rise Charm not previously owned by issuance and allotment of 24,750 shares of the Company to the then non-controlling shareholders of Rise Charm. Rise Charm becomes a wholly-owned subsidiary of Better World Holdings since 23 June 2017.

(ii) The financial information for the year ended 31 March 2018 covers the period from 1 April 2017 to 23 June 2017, the date on which the remaining 45% equity interest of Rise Charm was acquired by Better World Holdings.

There are no significant restrictions on the ability of these non-wholly owned subsidiaries to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

Change in ownership in non-wholly owned subsidiaries

Name of subsidiaries	% of equity interest acquired by the Group	(Decrease) increase in non-controlling interests HK$'000	Increase (decrease) in amount attributable to owners of the Company HK$'000
Year ended 31 March 2018			
Rise Charm#	45%	(2,570)	2,570
Better World Development#	35%	(769)	769
Nice Grain#	49%	(2,963)	2,963
Taste New#	40%	775	(775)
Taste Gourmet#	32%	(523)	523
Business Development#	35%	(776)	776
		(6,826)	6,826
Year ended 31 March 2017			
Better World Development*	23.75%	(255)	255

35. DETAILS OF THE NON-WHOLLY OWNED SUBSIDIARIES *(Continued)*

Change in ownership in non-wholly owned subsidiaries *(Continued)*

During the year ended 31 March 2018, as part of the Group Reorganisation, Better World Holdings acquired all equity interests of its subsidiaries not previously owned as stated above from the then respective non-controlling shareholders. The Group holds 100% equity interest in those subsidiaries as indirect wholly-owned subsidiaries of the Group since 23 June 2017. Details of the Group Reorganisation are set out in Note 2.

* During the year ended 31 March 2017, Better World Holdings acquired an additional 23.75% equity interest of Better World Development from the non-controlling shareholders at a consideration of HK$65. After the aforesaid deemed acquisition, the Group held 65% equity interest in Better World Development as an indirect non-wholly owned subsidiary of the Group.

36. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to an extraordinary general meeting of the shareholders of the Company held on 20 December 2017 for the primary purpose of motivating employees (whether full time or part-time), proposed employees, directors or proposed directors, or business associates of the Group ("Eligible Person(s)"), for their past or future contributions to the Group and to attract and retain or otherwise maintain on-going relationships with Eligible Persons so as to encourage them to work towards enhancing the value of the Group.

The Directors may, at its absolute discretion, offer to grant an option to subscribe for such number of shares in the Company at a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares of the Company on the date of grant of the option.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on 17 January 2018 ("Listing date"). Options granted must be taken up within the period specified in the letter containing the offer of the grant of the options. A consideration of HK$1 is payable on acceptance of the offer of grant of an option. The total number of shares in respect of share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue immediately after completion of the Listing and as at the Listing Date, without prior approval from the shareholders of the Company. No options shall be granted to any participant under the Share Option Scheme in excess of 1% of the total number of shares of the Company in issue at such date, without prior approval from the shareholders of the Company. At any time, the maximum number of shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Share Option Scheme and any other schemes of the Company to Eligible Persons must not exceed 30% of the total number of shares of the Company in issue from time to time.

No options have been granted since the adoption of the Share Option Scheme to 31 March 2018.

37. MAJOR NON-CASH TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group entered into the following major non-cash transactions.

(i) During the year ended 31 March 2017, the dividend declared to the Controlling Shareholders and non-controlling shareholders of certain subsidiaries amounting to HK$23,000,000 and HK$7,506,000 have been off set with the amount due to a director and advances from non-controlling shareholders of subsidiaries, respectively.

(ii) The Group entered into a finance lease arrangement in respect of a motor vehicle during the year ended 31 March 2017. The capital value at the inception of the lease is disclosed in Note 20.

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	HK$'000
Non-current Assets	
Investment in a subsidiary	300
Amounts due from subsidiaries	28,364
	28,664
Current Assets	
Deposits and prepayments	1,189
Amount due from a shareholder	22
Amounts due from subsidiaries	2,000
Bank balances	35,194
	38,405
Current Liabilities	
Accrued expenses	220
Amount due to a subsidiary	30
	250
Net Current Assets	38,155
Net Assets	66,819
Capital and Reserves	
Share capital	40,000
Reserves (Note)	26,819
Total Equity	66,819

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

Note: The movements in reserves of the Company are presented below:

	Share premium HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
THE COMPANY				
At 26 May 2017 (date of incorporation)	–	–	–	–
Capitalisation issue of shares (Note 27)	(29,700)	–	–	(29,700)
Issue of new shares upon share offer in the Listing (Note 27)	82,000	–	–	82,000
Issue of new shares pursuant to the Group Reorganisation	–	300	–	300
Transaction cost attributable to issue of new shares	(8,392)	–	–	(8,392)
Loss and total comprehensive expense for the year	–	–	(17,389)	(17,389)
At 31 March 2018	43,908	300	(17,389)	26,819

39. SUBSEQUENT EVENTS

In March 2018, the Company entered into a sales and purchase agreement with an independent third party to acquire a restaurant operation business the ("Acquisition") for a cash consideration of HK$200,000 and the Acquisition was completed in April 2018. The fair value of the assets and liabilities of the business acquired, and the goodwill, arising on the Acquisition, if any, are not yet finalised up to the reporting date, and the Directors are currently assessing the financial impact of the Acquisition.