

MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8447



Annual Report 2018

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Kwong Tai Wah

(Chairman and Chief Executive Officer)

Ms. Kwong Man Yui *(Vice Chairlady)*

Mr. Lam On Fai

Independent Non-executive Directors

Mr. Lai Ming Fai Desmond

Dr. Cheng Lee Lung

Mr. Kwok Yiu Chung

BOARD COMMITTEES

Audit Committee

Mr. Lai Ming Fai Desmond *(Chairman)*

Dr. Cheng Lee Lung

Mr. Kwok Yiu Chung

Remuneration Committee

Mr. Kwok Yiu Chung *(Chairman)*

Mr. Lai Ming Fai Desmond

Dr. Cheng Lee Lung

Nomination Committee

Mr. Kwong Tai Wah *(Chairman)*

Dr. Cheng Lee Lung

Mr. Kwok Yiu Chung

COMPANY SECRETARY

Mr. Kwok Siu Man, *FCS FCS*

COMPLIANCE OFFICER

Ms. Kwong Man Yui

AUTHORISED REPRESENTATIVES

Mr. Kwong Tai Wah

Mr. Kwok Siu Man

COMPLIANCE ADVISER

Alliance Capital Partners Limited

INDEPENDENT AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

LEGAL ADVISER

as to Hong Kong laws

D. S. Cheung & Co.

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited

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

Room 2313, 23/F, Hong Kong Plaza

186-191 Connaught Road West

Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

COMPANY WEBSITE

www.mrsteak.com.hk

GEM STOCK CODE

8447

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors of MS Concept Limited (the **"Company"** and the **"Board"**, respectively), I am pleased to present the annual results of the Company and its subsidiaries (collectively referred to as the **"Group"**) for the year ended 31 March 2018 (the **"Year"**).

FINANCIAL PERFORMANCE

During the Year, our Group recorded a revenue of approximately HK\$262.8 million, representing an increase of approximately HK\$27.9 million, or 11.9%, from approximately HK\$234.9 million for the year ended 31 March 2017. Profit attributable to owners of the Company for the Year amounted to approximately HK\$5.6 million, representing a decrease of approximately HK\$5.7 million, or 50.4%, from approximately HK\$11.3 million for the year ended 31 March 2017. The decrease was mainly due to the recognition of listing expenses in relation to our initial public offer (the **"IPO"**) amounting to approximately HK\$9.9 million.

Excluding the non-recurring IPO listing expenses, our net profit from operations amounted to approximately HK\$15.5 million for the Year, representing an increase of approximately HK\$4.2 million, or 37.2%, from approximately HK\$11.3 million of last year. The growth was mainly driven by (i) the full-year contribution by our restaurant at Telford Plaza in Kowloon Bay which commenced operation since October 2016; and (ii) the commencement of operation of restaurant at East Point City since January 2018. This outstanding result not only shows the success of our strategy on location selection and market positioning, but also proves our awareness and acceptance by public. We believe our quality food and our ability to introduce new and innovative menu items continue to deliver exceptional dining experience to our customers, and our business performance can be sustained.

EXPANDING OUR FOOTPRINT IN HONG KONG

During the Year, we invested approximately HK\$2.8 million to establish our 13th restaurant in Hong Kong. The new restaurant operated under our brand of **"MR. Steak"** located on the second floor of East Point City in Tseung Kwan O with a leased area of approximately 213.0 square metres. The new restaurant commenced operations in January 2018 and achieved breakeven in the second month of commercial operation. We believe that the new restaurant will continue to contribute additional stable cash inflow to the Group.

As disclosed in our prospectus dated 29 March 2018, the landlord of our restaurant at Shatin, indicated its intention to rebrand the relevant shopping mall and we do not plan to renew the lease for this restaurant. As such, we commenced restoration works for this restaurant and the relevant premise was returned to the landlord in April 2018 upon the expiry of the lease.

Our team will continue to identify appropriate strategic locations in opening new restaurants, to enable our Group to further penetrate the market in various districts in Hong Kong, which may ultimately enhance our Group's revenue generating capacity and market share.

Up to the date of this annual report, we have identified a potential site in Tung Chung to set up our new restaurant in Hong Kong. Our team has commenced the site selection process such as negotiating the lease terms with the relevant landlord and conducting feasibility studies and assessment on breakeven and investment repayment. We will keep the shareholders of the Company informed about any updates on the status of such new restaurant.

Chairman's Statement

SUCCESSFUL LISTING ON GEM OF THE STOCK EXCHANGE

Our Group achieved a new milestone on 16 April 2018 (the “**Listing Date**”) as the issued shares of the Company were successfully listed on GEM of the Stock Exchange (the “**Listing**”) and net proceeds of approximately HK\$39.6 million were raised. This additional funding has not only strengthened our financial base but also provided our Group with an additional financial resource to carry out our business objectives, strategies and implementation plans. For the use of net proceeds, please refer to “Use of net proceeds from the Listing” in the Management and Discussion Analysis section of this annual report.

OUTLOOK

We are a restaurant group operating western and Japanese casual dining restaurants in Hong Kong. We aim to deliver “affordable luxury” dining experience with high quality food, desirable ambience and thoughtful services at affordable prices under different brands. Since the opening of our first restaurant in November 2000, we have been expanding our footprint in Hong Kong gradually through our multi-brand business model. All of our restaurants are strategically located in prime locations proximal to shopping plazas or residential areas in Hong Kong, our Group believes leveraging on the constant traffic and demand from local residents would constantly drive and bring in new dining demands and be highly beneficial to our Group. We believe, our multi-brands concept, brand recognition and value proposition would enable our Group to further diversify our customer bases with different tastes and dining preferences across Hong Kong.

Our success is mainly founded on our strong management team. Our management team has extensive industry knowledge and management skills in restaurant operations and is led by members experienced in the restaurant industry. We believe that the capabilities of our management team and our commitment to safe and quality ingredients will continue to enable us to maintain financial success, capture market opportunities and ensure our continued growth in western casual dining restaurants business in Hong Kong. Under the leadership of our management team, we shall continue to expand our footprint in Hong Kong with an aim to deliver “affordable luxury” dining experience with high quality food, desirable ambience and thoughtful service at affordable prices under different brands to the public.

APPRECIATION

On behalf of the Board, I hereby express our sincere gratitude to the management and staff for their hard work and contributions to our Group, and thank our shareholders, business partners and investors for their support during the Year.

Kwong Tai Wah

Chairman

Hong Kong, 26 June 2018

Management Discussion and Analysis

During the year ended 31 March 2018, our Group continued to engage in the provision of casual dining in Hong Kong.

BUSINESS REVIEW

In January 2018, our 13th restaurant located on the second floor of East Point City in Tseung Kwan O, Hong Kong (“**MS(EP)**”) commenced operations under our “Mr. Steak” brand. This new restaurant achieved breakeven in the second month of commercial operation and we believe that it will continue to contribute additional stable cash inflow to the Group.

As of 31 March 2018, we owned and operated 13 restaurants serving various cuisines, including six restaurants serving various western cuisine along with our signature steak under our “Mr. Steak” brand, one buffet restaurant serving international cuisine under our “Mr. Steak — Buffet à la minute” brand, three restaurants under our “Sky Bar” brand offering western cuisine along with our signature seafood dishes and a wide selection of wines and cocktails, two western specialty restaurants under our “Bistro Bloom” and “Bistro Bloom/Marbling” brands serving modern and trendy western food along with specialty meat cuts, and one Japanese specialty restaurant under our “Hana” brand serving “Nabemono” — Japanese hot pot dishes such as Sukiyaki, Shabu Shabu and Seiromushi.

FINANCIAL REVIEW

Revenue

Our revenue is mainly derived from restaurant operations. For the year ended 31 March 2018, our revenue achieved approximately HK\$262.8 million, representing an increase of approximately HK\$27.9 million, or 11.9%, from approximately HK\$234.9 million for the year ended 31 March 2017. The increase in revenue was mainly due to the full-year contribution by our restaurant at Telford Plaza in Kowloon Bay, Hong Kong (“**MS(KB)**”) which commenced operation in October 2016 and the commencement of operation of MS(EP) since January 2018.

Cost of inventories sold

Cost of inventories sold is a major component of our operating expenses and comprises mainly cost of food ingredients and beverages. For the year ended 31 March 2018, our cost of inventories sold amounted to approximately HK\$84.5 million, representing an increase of approximately HK\$5.3 million, or 6.7%, from approximately HK\$79.2 million for the year ended 31 March 2017. The increase in cost of inventories sold was mainly due to the full-year contribution by MS(KB) which commenced operation in October 2016 and the commencement of operation of MS(EP) since January 2018.

Gross profit and gross profit margin

Our gross profit for the year ended 31 March 2018 amounted to approximately HK\$178.3 million, representing an increase of approximately HK\$22.7 million, or 14.6%, from approximately HK\$155.6 million for the year ended 31 March 2017. The increase in gross profit was mainly due to full-year contribution by MS(KB) which commenced operation in October 2016 and the commencement of operation of MS(EP) since January 2018.

The overall gross profit margin increased from approximately 66.2% for the year ended 31 March 2017 to approximately 67.8% for the year ended 31 March 2018. The increase in overall gross profit margin was mainly due to the commencement of operation of MS(KB) and MS(EP), which are operating under our “Mr. Steak” brand with generally higher gross profit margin.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Other revenue and other income

Other revenue and other income primarily consist of tips income, sponsorship income and sundry income. Our other revenue decreased by approximately HK\$0.3 million, or 27%, from approximately HK\$1.1 million for the year ended 31 March 2017 to approximately HK\$0.8 million for the year ended 31 March 2018. The decrease in other revenue and other income was mainly due to decrease in management fee income, tips income and sponsorship income.

Staff costs

Staff costs comprise salaries and benefits, including wages, salaries, bonuses, staff benefits and retirement benefit scheme contributions for all employees.

Our staff costs increased by approximately HK\$8.0 million, or 12.3%, from approximately HK\$65.2 million for the year ended 31 March 2017 to approximately HK\$73.2 million for the year ended 31 March 2018. The increase in staff costs was mainly due to full-year contribution by MS(KB) which commenced operation in October 2016 and the commencement of operation of MS(EP) since January 2018. For the years ended 31 March 2017 and 2018, our staff costs represented approximately 27.8% and 27.9% of our revenue, respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment represents depreciation charges for our property, plant and equipment which comprise leasehold improvement, furniture and fixtures, catering and other equipment.

Our depreciation of property, plant and equipment remained at a stable level with approximately HK\$5.8million for the years ended 31 March 2017 and 2018. As a percentage of revenue, our depreciation of property, plant and equipment represented approximately 2.5% and 2.2% for the corresponding years, respectively.

Rentals and related expenses

Rentals and related expenses primarily represent the rental payments under operating leases, government rates and property management fee paid for our restaurants and office premises.

Our rental and related expense increased by approximately HK\$5.4 million, or 10.8%, from approximately HK\$49.8 million for the year ended 31 March 2017 to approximately HK\$55.2 million for the year ended 31 March 2018. The increase in rental and related expenses was mainly due to full-year contribution by MS(KB) which commenced operation in October 2016 and the commencement of operation of MS(EP) since January 2018. For the years ended 31 March 2017 and 2018, our rentals and related expenses represented approximately 21.2% and 21.0% of our revenue, respectively.

Fuel and utility expenses

Fuel and utility expenses primarily consist of expenses incurred for electricity, gas and water utilities. Our fuel and utility expenses increased by approximately HK\$0.1 million, or 1.9%, from approximately HK\$5.3 million for the year ended 31 March 2017 to approximately HK\$5.4 for the year ended 31 March 2018.

For the years ended 31 March 2017 and 2018, our fuel and utility expenses represented approximately 2.3% and 2.1% of our revenue, respectively.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Administrative expenses

Administrative expenses mainly include credit card handling charges, advertising and promotion expenses for our brands, cleaning expenses for both our restaurants and office, consumables for our restaurant operations, legal and professional fees and insurance.

Our administrative expenses increased by approximately HK\$3.8 million, or 23.3%, from approximately HK\$16.3 million for the year ended 31 March 2017 to approximately HK\$20.1 million for the year ended 31 March 2018. The increase in administrative expenses was mainly due to the increase in credit card handling charges resulting from the increase in revenue with credit payments by customers, the engagement of a dish cleaning service provider and the increase in auditors' remuneration.

Finance costs

Finance costs mainly represent interest on our bank borrowings. Our finance costs remained at a stable level with approximately HK\$0.8 million for the years ended 31 March 2017 and 2018.

Income tax expense

Our restaurant operations in Hong Kong are subject to Hong Kong profits tax of 16.5% on estimated assessable profit arising in Hong Kong.

Our income tax expenses increased by approximately HK\$0.9 million, or 40.9%, from approximately HK\$2.2 million for the year ended 31 March 2017 to approximately HK\$3.1 million for the year ended 31 March 2018. The effective tax rate for our restaurant operations in Hong Kong was approximately 16.3% and 36.0% for the year ended 31 March 2017 and 2018, respectively. The increase in effective tax rate was mainly due to the inclusion of non-recurring listing expenses of our initial public offering (the "IPO") amounting to HK\$9.9 million which were non-deductible expenses.

Profit for the year

Our profit for the year decreased by approximately HK\$5.7 million, or 50.4%, from approximately HK\$11.3 million for the year ended 31 March 2017 to approximately HK\$5.6 million for the year ended 31 March 2018 as a result of the recognition of our IPO listing expenses amounting to approximately HK\$9.9 million.

Excluding the non-recurring IPO listing expense, our net profit from operation amounted to approximately HK\$15.5 million for the year ended 31 March 2018, representing an increase of approximately HK\$4.2 million, or 37.2%, from approximately HK\$11.3 million for the year ended 31 March 2017.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	Notes	As at 31 March 2018	2017
Current ratio	1	0.6	0.7
Quick ratio	2	0.6	0.7
Gearing ratio	3	469%	191%

Notes:

1. Current ratio is calculated based on the total current assets at the end of the year divided by the total current liabilities at the end of the respective year.
2. Quick ratio is calculated based on the total current assets (excluding inventories) at the end of the year divided by the total current liabilities of the respective year.
3. Gearing ratio is calculated based on the total debts at the end of the year divided by the equity attributable to owners of the Company at the end of the year. Total debts include payables incurred not in the ordinary course of business.

As at 31 March 2018, the total equity of the Group was approximately HK\$4.0 million (2017: HK\$13.2 million) which was attributable to owners of the Company. The Group had cash and cash equivalents of approximately HK\$13.8 million as at 31 March 2018 (2017: HK\$5.1 million).

The Group continues to enjoy a stable and strong net cash inflow from operations. During the year ended 31 March 2018, the cash generated from operations amounted to approximately HK\$24.0 million (2017: HK\$24.2 million).

As at 31 March 2018, our Group has total bank borrowings of approximately HK\$18.6 million (2017: HK\$17.0 million). The bank borrowings are interest-bearing at Hong Kong Dollar Prime Rate over a spread or minus a spread as appropriate. Details on bank borrowings of the Group are set out in note 26 to the consolidated financial statements.

The Group manages its capital to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through maintaining the equity and debts in a balanced position.

The shares of the Company were listed on GEM of the Stock Exchange on 16 April 2018 (the "Listing Date"). There has been no change in the capital structure of the Group since the Listing Date and up to the date of this annual report.

CHARGES ON ASSETS

As at 31 March 2018, the pledged bank deposits of the Group were approximately HK\$2.0 million (2017: HK\$2.0 million).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any significant investment, material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 March 2018.

Management Discussion and Analysis

SHARE OPTIONS

Details of the Company's share option schemes are set out on pages 37 to 40 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- If we are unable to find suitable premises with commercially reasonable terms when we relocate or open new restaurants, or if we negotiate the terms of renewal with the landlords before the expiry of the lease agreements, we cannot assure that we would be able to renew such lease agreements on terms acceptable to us, in which cases our operation, relocation plans or expansion plans may be delayed or disrupted and our results of operation and financial conditions could be adversely affected.
- Substantial costs, such as rental deposits, renovation cost and cost on utensils, would be incurred for the opening of new restaurants. Our ability to successfully open new restaurants is subject to risks and uncertainties, such as securing lease agreements for suitable locations and on reasonable terms, obtaining all the necessary licences and permits in a timely manner, recruiting qualified employees and ensuring timely delivery of renovation works. In addition, a new restaurant generally generates lower profit due to lower sales and higher start-up operating costs in the initial stage and requires a period of time from its opening to achieve the breakeven, which may place substantial strain on the managerial, operational and financial resources of our Group.
- Minimum wage requirements in Hong Kong was raised from HK\$32.5 per hour to HK\$34.5 per hour with effect from 1 May 2017. If there is any further increase in the statutory minimum wage rate in Hong Kong, our staff costs would likely increase correspondingly as a result. As wages increase, competition for qualified employees also increases, which may indirectly result in further increases in our staff costs. Given the competitive market environment in Hong Kong, we may not be able to increase our prices high enough to pass these increased staff costs onto our customers, in which case our business and results of operations would be affected.

FOREIGN CURRENCY

During the year ended 31 March 2018, most of the transactions of the Group were denominated and settled in Hong Kong dollars, the functional and reporting currency of the Group.

The Group does not have a significant foreign exchange exposure and has currently not implemented any foreign currency hedging policy. The management will consider hedging against significant foreign exchange exposure should the need arise.

Management Discussion and Analysis

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the issue of a total of 250,000,000 new ordinary shares of the Company at the offering price of HK\$0.27 per share under the share offer as set out in the prospectus dated 29 March 2018 (the "Prospectus"), after deducting underwriting commission and other expenses relating to the Listing, amounted to approximately HK\$39.6 million. The Company intend to apply the net proceeds in the same proportion and in the same manner as shown in the Prospectus. An analysis of the utilization of the net proceeds during the year is set out below:

Business objective and strategy	Approximately % of net proceeds %	Planned amount HK\$ million	Actual amount utilized as at 31 March 2018 HK\$ million	Notes
Expanding our restaurant network in strategic locations in Hong Kong	63.5	25.1	–	1
Maintaining steady food quality by setting up a central kitchen	14.6	5.8	–	1
Enhancing and upgrading our restaurant facilities	13.5	5.3	–	2
Strengthening customer relationship and our brand awareness	5.7	2.3	–	3
General working capital	2.7	1.1	–	
	100	39.6	–	

Notes:

1. The Group is in the progress to identify suitable locations fulfilling our expected scale of operations.
2. Renovation and refurbishment will be carried out upon renewal of leases of our restaurants.
3. The Group is in the progress to solicit appropriate social platforms and marketing agents.

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

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

Management Discussion and Analysis

CAPITAL COMMITMENT

As at 31 March 2018, the Group did not have any material capital commitment (2017: HK\$0.5 million).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2017 and 2018.

DIVIDEND

No dividend has been paid or proposed by the Company since its date of incorporation. The Board does not recommend the payment of a final dividend for the year ended 31 March 2018.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**2018 AGM**”) will be held at 11:00 a.m. on Thursday, 13 September 2018 at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong and the notice of the 2018 AGM will be published and despatched in accordance with the requirements under the Company’s articles of association and the GEM Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the shareholders of the Company to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Monday, 10 September 2018 to Thursday, 13 September 2018 (both days inclusive), during which period no transfer of shares of the Company (the “**Shares**”) will be registered. In order to qualify for attending and voting at the 2018 AGM, the non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 7 September 2018.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is devoted to promote and maintain the environmental and social sustainable development and has implemented a wide variety of green measures. The Group’s operations has complied in all material respects with currently applicable local environmental protection laws and regulations in Hong Kong during the year. A separate report on environmental, social and governance matters will be published within three months after the publication of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders in order to meet its immediate and long-term goals. During the year under review, there was no material or significant dispute between the Group and its suppliers, customers and/or other stakeholders.

Management Discussion and Analysis

EMPLOYEE AND REMUNERATION POLICY

As at 31 March 2018, the Group employed approximately 256 employees (2017: 287 employees). The Group offers attractive remuneration packages, including competitive wages, benefits, discretionary bonuses and internal promotion opportunities to our employees.

The emoluments of the Directors are reviewed and approved by the remuneration committee of the Board, having regard to factors including the remuneration paid by comparable companies, time commitment, job duties and responsibilities in respect of the relevant positions.

The Company has conditionally adopted by the resolutions in writing of all the shareholders passed on 23 March 2018 a share option scheme (the “**Share Option Scheme**”). The Share Option Scheme became effective on the Listing Date. The Share Option Scheme enables the Company to grant share options to any director, employee or officer, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Company or any of the subsidiaries, as incentives or rewards for their contributions to our Group.

As at the date of this report, there was no outstanding share option granted under the Share Option Scheme.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Kwong Tai Wah (鄺大華先生) ("Mr. Kwong"), aged 63, was appointed to the Board on 8 November 2017 and is our co-founder, the chairman of the Board (the "**Chairman**"), the chief executive officer, an executive director of the Company and the chairman of the nomination committee. He is also a director of all the subsidiaries of the Company. He is responsible for the overall management and strategic planning of our Group. Mr. Kwong obtained his Bachelor's degree of Arts from the University of Windsor, Canada in May 1978. Mr. Kwong has over 30 years of experience in the food and beverage industry.

Mr. Kwong is the father of Ms. Kwong Man Yui, an executive Director and the vice chairlady of the Company.

Ms. Kwong Man Yui (鄺文蕊女士) ("Ms. Kwong"), aged 33, was appointed to the Board on 15 December 2017 and is the vice chairlady of the Board and an executive director of the Company. Ms. Kwong is responsible for the strategic planning, leasing, marketing, public relations and overall management of our Group. Ms. Kwong obtained her Bachelor's degree of Commerce with distinction from the University of Toronto, Canada in June 2006 and her Master's degree of Science in Real Estate with credit from the University of Hong Kong in November 2011. Ms. Kwong has over 5 years of experience in business management and shop leasing and has provided management and consultancy services to our Group since February 2014.

Ms. Kwong is the daughter of Mr. Kwong, the Chairman, the Chief Executive Officer and an executive director of the Company.

Mr. Lam On Fai (林安輝先生) ("Mr. Lam"), aged 56, was appointed to the Board on 15 December 2017 and is an executive director of our Company. He is responsible for the overall management of the restaurants of our Group. Before joining our Group as a group operation manager in September 2006, Mr. Lam worked in various senior positions with several food and beverage groups and has over 38 years of experience in the operation and management of restaurants.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Ming Fai Desmond (黎明輝先生) (“Mr. Lai”), aged 45, was appointed as an independent non-executive director of the Company (the “INED”) on 23 March 2018 and is the chairman of the audit committee and a member of the remuneration committee of the Company. Mr. Lai is the Chief Financial Officer of Asia Television Digital Media Limited, an over-the-top video service provider, and Star Platinum Enterprises Limited, a wholly-owned subsidiary of Asia Television Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (stock code: 707). Mr. Lai obtained his Bachelor’s degree of Commerce in Accounting and Finance from the University of New South Wales in Australia. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of CPA Australia.

Dr. Cheng Lee Lung (鄭利龍博士) (“Dr. Cheng”), aged 65, was appointed as an INED on 23 March 2018 and is a member of the audit committee, the remuneration committee and the nomination committee of the Company. Dr. Cheng is an assistant professor of the City University of Hong Kong and holds a number of professional, government advisory and public positions in Hong Kong. Dr. Cheng obtained his Bachelor’s degree in Science and Master’s degree in Science from Chelsea College (currently known as King’s College London), University of London in England in August 1976 and July 1981 respectively. He obtained his Doctor’s degree in Information and Communication Engineering from the Tsinghua University in China in July 2004. Dr. Cheng is a chartered engineer and a senior member of the Institute of Electrical and Electronics Engineers in the United States of America.

Mr. Kwok Yiu Chung (郭耀松先生) (“Mr. Kwok”), aged 55, was appointed as an INED on 23 March 2018 and is the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company. Mr. Kwok is the chief executive officer of CBK Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8428). Mr. Kwok has been appointed to various positions of the Hong Kong Federation of Restaurants & Related Trades (香港餐飲聯業協會) (the “Federation”) since 2007 and has been a director of the Federation since 2015.

SENIOR MANAGEMENT

Mr. Lee Sai Keung (李世強先生) (“Mr. Lee”), aged 56, is the executive chef of our Group. Mr. Lee is responsible for the overall management and planning of cuisine and the general management of the culinary team of our Group. Mr. Lee obtained a Certificate in Professional Cookery (Western Style) from the Vocational Training Council in Hong Kong in July 1983. Before joining our Group in February 2009, Mr. Lee worked as section chef, head chef and executive chef in various restaurants operated by hotels, casinos and private employers in Hong Kong and overseas. He has about 40 years of experience in the operation and management of culinary operation.

Ms. Li Wai Ping (李惠萍女士) (“Ms. Li”), aged 38, is the accounting manager of our Group. Ms. Li is responsible for the overall accounting and administrative matters of our Group. Ms. Li obtained her Bachelor’s degree of Arts in Accountancy from The Hong Kong Polytechnic University in October 2009. She is currently a member in good standing of the Association of Chartered Certified Accountants in the United Kingdom. Ms. Li has over 10 years of experience in accounting and taxation and joined our Group in September 2017.

Corporate Governance Report

The Company is committed to fulfilling its responsibilities to its shareholders (the “**Shareholders**”) and protecting and enhancing Shareholders’ value through good corporate governance.

The Directors of the Company recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Company and its subsidiaries (collectively referred as to the “**Group**”) so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability. As the Shares in issue were initially listed on GEM of the Stock Exchange on 16 April 2018 (the “**Listing Date**”), the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 15 to the GEM Listing Rules was not applicable to the Company for the period from 8 November 2017 (date of incorporation) to 15 April 2018, being the period before the Listing Date. In the opinion of the Board, the Company has adopted and complied with all applicable code provisions as set out in the CG Code as from the Listing Date except for the following code provision A.2.1 of the CG Code up to the date of this Annual Report.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings in the securities (the “**Required Standard of Dealings**”) as contained in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct governing the securities transactions by the Directors as from the Listing Date. Following a specific enquiry made by the Company on each of them, all Directors have confirmed that they had complied with the Required Standard of Dealings during the period from the Listing Date to 26 June 2018, being the date of this annual report (the “**Period**”).

DELEGATION BY THE BOARD

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies are delegated to the executive Directors along with other senior executives. Executions of operational matters and the powers thereof are delegated to the management by the Board with clear directions. They report periodically their work and business decisions to the Board.

BOARD OF DIRECTORS

Responsibilities

The board of Directors (the “**Board**”) is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group’s values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group’s business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group’s corporate governance practices and all other functions reserved to the Board under the Company’s articles of association (the “**Articles of Association**”). The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. The responsibilities of these Board committees include monitoring the Group’s operational and financial performance, and ensuring that appropriate internal control and risk management are in place. The Board may from time to time delegate certain functions to management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and other duties assigned to it from time to time.

Corporate Governance Report

BOARD OF DIRECTORS (Continued)

Responsibilities (Continued)

The Directors have full access to information of the Group and the management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

Board Composition

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors (the "INEDs") so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As at the date of this annual report, the Board comprises the following six Directors, of which the INEDs in aggregate represent 50% of the Board members, exceeding the requirement of the GEM Listing Rules:

Executive Directors

Mr. Kwong Tai Wah ("**Mr. Kwong**") (*Chairman and Chief Executive Officer*)

Ms. Kwong Man Yui ("**Ms. Kwong**") (*Vice Chairlady*)

Mr. Lam On Fai ("**Mr. Lam**")

INEDs

Mr. Lai Ming Fai Desmond ("**Mr. Lai**")

Dr. Cheng Lee Lung ("**Dr. Cheng**")

Mr. Kwok Yiu Chung ("**Mr. Kwok**")

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

Mr. Kwong is the father of Ms. Kwong. Save as disclosed, there was no financial, business, family or other material relationship among the Directors during the Period.

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

Throughout the Period, the Company had three INEDs, which was in compliance with the requirements of the GEM Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

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

From the Company's financial year commencing on 1 April 2018 (the "**Year 2018**"), the chairman of the Board (the "**Chairman**"), being an executive Director will at least annually hold one meeting with the INEDs without the presence of the other executive Directors.

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

Corporate Governance Report

BOARD OF DIRECTORS (Continued)

Directors' Induction and Continuing Professional Development

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under statutes and common law, the GEM Listing Rules, legal and regulatory requirements and the Company's business and governance policies. During the year ended 31 March 2018 (the "Year"), each of the Directors named under the paragraph headed "Composition" above attended a training seminar arranged by the Company's Hong Kong legal advisers on directors' responsibilities.

The Company will from time to time fund and arrange suitable training to all Directors to develop and refresh their knowledge and skills in relation to their duties and responsibilities, such that their contribution to the Board remains informed and relevant. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuing professional development programmes received by each of the Directors during the Year is summarised as follows:

Name of Directors	Type of trainings
Mr. Kwong	A and B
Ms. Kwong	A and B
Mr. Lam	A and B
Mr. Lai	A and B
Dr. Cheng	A and B
Mr. Kwok	A and B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

Meetings of the Board and Directors' Attendance Records

From Year 2018 onwards, the regular meeting of the Board is scheduled four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The company secretary of the Company (the "Company Secretary") is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version is open for the Directors' inspection.

Corporate Governance Report

BOARD OF DIRECTORS (Continued)

Meetings of the Board and Directors' Attendance Records (Continued)

Since the Listing Date and up to the date of this report, a Board meeting was held on 23 April 2018 (the “**April 2018 Board Meeting**”) to consider and approve certain banking facilities to the Group and a Board meeting was held on 26 June 2018 (the “**June 2018 Board Meeting**”) to, amongst other matters, consider and approve the audited consolidated financial statements of the Group for the Year.

Ms. Kwong and Mr. Lam attended the April 2018 Board Meeting and all Directors attended the June 2018 Board Meeting.

During the Period, the Company did not hold any general meeting of the Shareholders.

Board Diversity Policy

The Board adopted a policy of the Board diversity, including the measurable objectives set for implementing the same on 23 March 2018. The nomination committee will review these objectives regularly.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Period, Mr. Kwong was the Chairman and the CEO of our Group. In view of the fact that Mr. Kwong has been operating and managing the Group since 2000, the Board believes that it is in the best interest of the Group to have Mr. Kwong taking up both roles for effective management and business development. Therefore, our Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstance.

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

Audit Committee

The Audit Committee was established with effect from the Listing Date with written terms of reference in compliance with the CG Code. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. The Audit Committee comprises all the INEDs, namely Mr. Lai, Dr. Cheng and Mr. Kwok. Mr. Lai is the chairman of the Audit Committee.

Corporate Governance Report

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving its remuneration and terms of engagement, and handling any questions regarding its resignation or dismissal;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and discussing with the external auditors on the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing a policy on engaging external auditors to supply non-audit services and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- monitoring the integrity of the Company's financial statements and annual reports and accounts, half-year reports and quarterly reports, and reviewing significant financial reporting judgments contained in them;
- reviewing the Company's financial controls, and risk management and internal control systems;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the arrangements that the employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and
- considering other topics as defined by the Board.

Since the Listing Date and up to the date of this report, two Audit Committee meetings were held on 30 April 2018 and 26 June 2018 and, amongst other matters, considered and approved (i) audit-related matters, and (ii) the draft audited consolidated financial statements of the Group for the Year for presentation to the Board for its consideration and approval.

Each of the INEDs attended the above meetings in the capacity of a member/the chairman of the Audit Committee.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise.

The Group's consolidated financial statements for the year ended 31 March 2018 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that such consolidated financial statements comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

Corporate Governance Report

BOARD COMMITTEES (Continued)

Nomination Committee

The Nomination Committee was established with effect from the Listing Date with written terms of reference in compliance with the CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. The Nomination Committee comprises two INEDs, namely Dr. Cheng and Mr. Kwok, and Mr. Kwong, the Chairman and an executive Director. Mr. Kwong is the chairman of the Nomination Committee.

The principal roles and functions of the Nomination Committee include but are not limited to:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
- assessing the independence of the INEDs;
- making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for the Directors, in particular, the Chairman and the chief executive; and
- reviewing and monitoring the implementation of the Board diversity policy as adopted by the Board.

The Nomination Committee held one meeting on 26 June 2018 and, amongst other matters, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and recommended to the Board for consideration the re-appointment of the retiring Directors at the forthcoming annual general meeting of the Company (the "**AGM**").

Mr. Kwong, Chairman and Chief Executive Officer and Dr. Cheng and Mr. Kwok, both INEDS, attended the above Nomination Committee meeting in the capacity of a member/the chairman of the Nomination Committee.

Corporate Governance Report

BOARD COMMITTEES (Continued)

Remuneration Committee

The Remuneration Committee was established with effect from the Listing Date with written terms of reference in compliance with the CG Code. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The Remuneration Committee comprises all the INEDs, namely Mr. Lai, Dr. Cheng and Mr. Kwok. Mr. Kwok is the chairman of the Remuneration Committee.

The principal roles and functions of the Remuneration Committee include but are not limited to:

- making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- reviewing and approving management's remuneration proposals by reference to the Board's corporate goals and objectives;
- making recommendations to the Board on determining the remuneration packages of individual executive Directors and senior management including basic salaries, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- making recommendations to the Board on the remuneration of independent non-executive Directors;

Since the Listing Date and up to the date of this report, one Remuneration Committee meeting was held on 26 June 2018, and reviewed and recommended to the Board for consideration certain remuneration-related matters of the Directors and senior management.

Each of the INEDs attended the above meeting in the capacity of a member/the chairman of the Remuneration Committee.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions, which include:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in this report.

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company on 23 March 2018 for an initial term of three years commencing on the Listing Date.

Each of the INEDs has entered into a letter of appointment with the Company for a term of three years commencing on the Listing Date.

Save as disclosed aforesaid, none of the Directors has a service agreement or letter of appointment with the Company or any of its subsidiaries other than the agreements/letters of appointment expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each AGM, at least one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that each Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and does not offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the AGM shall retire by rotation at such AGM. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A Director is not required to retire upon reaching any particular age.

The Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall be subject to retirement by rotation.

The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director, but so that the number of Directors so appointed shall not exceed the maximum number (if any) determined from time to time by the Shareholders in a general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Any such Director appointed shall not be taken into account in determining the number of Directors who are to retire by rotation at an AGM.

Corporate Governance Report

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Biographical Details of the Directors and Senior Management" in this annual report for the Year by band is set out below:

Remuneration band (in HK\$)	Number of individuals
Nil to 1,000,000	2

INDEPENDENT AUDITORS' REMUNERATION

HLB Hodgson Impey Cheng Limited ("HLB") was engaged as the Group's independent auditors for the Year. Apart from the provision of annual audit services, HLB provided the audit and non-audit services in connection with the Listing.

The remuneration paid/payable to HLB in respect of the Year is set out below:

Services	Fee paid/ payable (in HK\$'000)
Audit services — Annual audit	980
Audit services — Listing	1,500
Non-audit services — Listing	1,025
Non-audit services	152
Total	3,657

Corporate Governance Report

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the Year.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, HLB has stated in the independent auditors' report its reporting responsibilities on the Company's consolidated financial statements for the Year.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has in place policies and procedures in relation to risk management and internal control. The Board, with the support of the Audit Committee, is primarily responsible for overseeing the risk management and internal control systems of the Company and for reviewing their effectiveness. The Company's internal control system and procedures are designed to meet its specific business needs and to minimise its risk exposure. The Company has adopted different internal guidelines, along with written policies and procedures to monitor and lessen the impact of risks which are relevant to its business and control its daily business operations. Management will identify the risks associated with the Group's day-to-day operations for review by the Board. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

In preparation for the Listing, the Company has engaged an independent internal control consultant to perform a detailed evaluation of the Group's internal control system including the areas of financial, operation, compliance and risk management with the aims of, among other matters, improving the Group's corporate governance and ensuring compliance with the applicable laws and regulations. Based on its internal control review, the independent internal control consultant concluded that it did not note any material deficiency over the Group's internal control mechanism.

Pursuant to C.2.1 of the CG Code, the Board engaged an independent internal control consultant to review the effectiveness of the Group's risk management and internal control systems to assess their effectiveness and adequacy for the Year. With a view of further enhancing the Group's internal control systems on an ongoing basis, the Group will continue to engage external professional advisers to conduct review and consider establishing a formal in-house internal audit department where necessary from time to time, taking into account the development of the business and the scale and complexity of our operation in the future.

Corporate Governance Report

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the GEM Listing Rules and the overriding principle that inside information should be announced promptly when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company’s website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group’s affairs, so that only the executive Directors are authorised to communicate with parties outside the Group.

COMPANY SECRETARY

Since 15 December 2017, the Company has appointed Mr. Kwok Siu Man (“**Mr. Seaman Kwok**”) as the Company Secretary.

Mr. Seaman Kwok was nominated by Boardroom Corporate Services (HK) Limited (“**Boardroom**”) to act as the Company Secretary and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Mr. Seaman Kwok has been contacting in respect of company secretarial matters is Ms. Kwong, an executive Director.

Though the Shares were initially listed on GEM of the Stock Exchange on the Listing Date and rule 5.15 of the GEM Listing Rules was not applicable during the Year, Mr. Seaman Kwok had delivered and attended over 15 hours’ relevant continuous professional development training during the Year.

All members of the Board have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary will be subject to the Board’s approval.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Procedures for Putting Forward Proposals at Shareholders' Meetings

There is no provision allowing Shareholders to make proposals or move resolutions at the AGMs under the Articles of Association or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "**EGM**") in accordance with the "Procedures for Shareholders to convene an EGM" set out below.

Procedures for Shareholders to Convene an EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company having the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned (the "**Requisitionist(s)**") at the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

The Requisition must state clearly the name(s) of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the Requisitionist(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Requisitionist(s) will be advised of the outcome and accordingly, the Board or the Company Secretary will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board or the Company Secretary fails to proceed to convene an EGM, the Requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board or the Company Secretary to convene the EGM shall be reimbursed to the Requisitionist(s) by the Company.

Corporate Governance Report

SHAREHOLDERS' RIGHTS (Continued)

Procedures for Shareholders to Send Enquires to the Board

Shareholders may direct their enquiries about their shareholdings or their notification of change of correspondence address or their dividend/distribution instructions to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Shareholders may send their enquiries and concerns to the Board by post to the headquarters and principal place of business of the Company in Hong Kong at Room 2313, 23/F., Hong Kong Plaza, 186–191 Connaught Road West, Hong Kong Telephone: (852) 2972-4111 Facsimile: (852) 3016-8662 for the attention of the Company Secretary or the Board.

Upon receipt of the enquiries, the Company Secretary or the Board will forward the communications relating to:

1. the matters within the Board's purview to the executive Directors;
2. the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and
3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

COMMUNICATION WITH THE SHAREHOLDERS AND INVESTORS RELATIONS

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to the information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's financial reports, AGMs and EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong. Since the Listing Date, there was no change to the Articles of Association.

Directors' Report

The board of directors (the “**Directors**” and the “**Board**”, respectively) of MS Concept Limited (the “**Company**”), together with its subsidiaries (the “**Group**”) is pleased to present their report for the year ended 31 March 2018 and the audited consolidated financial statements of the Group to the shareholders of the Company (the “**Shareholders**”).

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activity of the Group is the provision of catering services in Hong Kong. Details of the principal activities of its major subsidiaries are set out in note 31 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business together with a discussion and analysis of the Group for the year ended 31 March 2018 is set out in the “Chairman’s Statement” and “Management Discussion and Analysis” on pages 3 to 12 of this annual report.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past three financial years is set out on page 96 of the annual report. The summary does not form part of the audited financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 47 of this annual report.

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 March 2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 29 March 2018 (the “**Prospectus**”) and in this annual report, the Group did not have other plans for material investments or capital assets as at 31 March 2018.

USE OF PROCEEDS FROM LISTING

On 16 April 2018 (the “**Listing Date**”), the Company completed its initial public offer (the “**IPO**”). For the use of net proceeds, please refer to section headed “Use of Net Proceeds from the Listing” in the Management and Discussion Analysis of this annual report.

CHARITABLE DONATIONS

The Group made charitable donations totalling HK\$686,000 during the year ended 31 March 2018 (2017: HK\$66,000).

PROPERTY, PLANT AND EQUIPMENT

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

Directors' Report

SHARE CAPITAL

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

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 March 2018 are set out in the consolidated statement of changes in equity on page 49 of this annual report and note 29 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company had no distributable reserves as calculated in accordance with the relevant provision of the Hong Kong Companies Ordinance (Cap. 622).

MAJOR SUPPLIERS AND CUSTOMERS

The Group's customers were mainly retail customers and the Group was not dependent on any single customer. As such, the Directors consider that it is not practicable to identify our five largest customers of our Group for the year ended 31 March 2018.

The Group's five largest suppliers together accounted for approximately 65.2% (2017: 67.4%) of the Group's total purchase for the year. The largest supplier accounted for approximately 47.2% (2017: 54.8%) of the total purchase of the Group for the year.

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

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

Save as disclosed under the section headed "Continuing Connected Transactions" in this report, none of the Directors, any of their associates, or any shareholder of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any significant beneficial interest in the major customers or suppliers.

Directors' Report

DIRECTORS

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

Executive Directors

Mr. Kwong Tai Wah ("**Mr. Kwong**") (*Chairman and Chief Executive Officer*)

Ms. Kwong Man Yui ("**Ms. Kwong**") (*Vice Chairlady*)

Mr. Lam On Fai ("**Mr. Lam**")

Independent non-executive Directors (the "INEDs")

Mr. Lai Ming Fai Desmond ("**Mr. Lai**")

Dr. Cheng Lee Lung ("**Dr. Cheng**")

Mr. Kwok Yiu Chung ("**Mr. Kwok**")

Notes:

1. Mr. Kwong was appointed as a Director on 8 November 2017. He was re-designated as an executive Director, appointed as the chairman of the Board and the chief executive officer of the Company effective on 15 December 2017.
2. Ms. Kwong was appointed as an executive Director and the vice chairlady of the Board effective on 15 December 2017.
3. Mr. Lam was appointed as an executive Director effective on 15 December 2017.
4. Mr. Lai, Dr. Cheng and Mr. Kwok were appointed as Independent Non-executive Directors effective on 23 March 2018.

Pursuant to article 84.(1) of the Company's articles of association (the "**Articles**"), at each annual general meeting of the Company (the "**AGM**"), one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. According to article 84.(2) of the Articles, the directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been the longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. At the forthcoming AGM, Mr. Kwong and Mr. Lam will retire from office as Directors by rotation and, being eligible, will offer themselves for re-election at the AGM.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force. Pursuant to the Articles, every Director, independent auditors, secretary or other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices. The Company has taken out and maintained appropriate directors' liability insurance cover in respect of potential legal actions brought against its Directors.

Directors' Report

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set out on pages 13 and 14 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, which oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 11 and 12 to the consolidated financial statements, respectively. The remuneration committee of the Company will review and determine the remuneration and compensation packages of the Directors by reference to their responsibilities, workload and time devoted to the Group and the performance of the Group.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Except for the master supply agreement entered into between Elite Fresh Food Company Limited ("**Elite**"), a company owned by the parties connected with the controlling shareholders of the Company and MS Restaurant Group Limited ("**MS Restaurant**"), a wholly-owned subsidiary of the Company on 23 March 2018 ("**MS Agreement**") as disclosed in the section headed "Non-exempt continuing connected transactions" of this report, none of the Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party at any time during or at the end of the year ended 31 March 2018.

As at 31 March 2018, no contract of significance had been entered into between the Company, or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR SIGNIFICANT CONTRACTS

Apart from the transactions disclosed in note 30 to the consolidated financial statements, no other transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Report

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Master Supply Agreement

Pursuant to the MS Agreement made between Elite and MS Restaurant, a wholly-owned subsidiary of the Company, our Group will purchase chilled and frozen meat and seafood and other food from Elite for the three financial years ending 31 March 2020 in accordance with the terms of the MS agreement. Since Elite is owned as to 50%, 25% and 25% by Ms. Ip Yin King Ingrid ("**Ms. Ingrid Ip**"), Mr. Kwong Tai Wing Joseph ("**Mr. Joseph Kwong**") and Ms. Kwong Ching Yee Melanie ("**Ms. Melanie Kwong**"), who are our controlling shareholders (which has the meaning ascribed to this term under the GEM Listing Rules), Elite is a connected person of our Company and the transactions contemplated under the MS Agreement, therefore, the constitute continuing connected transactions for our Group under Chapter 20 of the GEM Listing Rules. The Stock Exchange has granted a waiver from strict compliance with the requirements in respect of the relevant continuing connected transactions under Chapter 20 of the GEM Listing Rules.

The MS Agreement commenced on 23 March 2018. The purchase price and terms have been determined in accordance with the pricing policies and guideline set out in the Prospectus.

During the year ended 31 March 2018, the total purchases of food from Elite by the Group amounted to HK\$39,886,000 (2017: HK\$43,384,000). The continuing connected transactions were entered into in the ordinary and usual course of business of our Group and on normal commercial terms.

2. Review by INEDs and Auditors

The INEDs have reviewed the above continuing connected transactions and confirmed that in respect of the MS Agreement, the transactions were carried out during the year (1) in the ordinary and usual course of business of the Group; (2) on normal commercial or better terms; and (3) according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The independent auditors of the Company have performed procedures on the above continuing connected transactions of the Company and issued a letter to the Board confirming that:

- (1) nothing has come to their attention that causes them to believe the above continuing connected transactions have not been approved by the Board;
- (2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) nothing has come to their attention that causes them to believe the transactions were entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (4) nothing has come to their attention that causes them to believe that the above continuing connected transactions have exceeded the annual cap.

Directors' Report

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (Continued)

The material related party transactions entered into by our Group are set out in note 30 to the consolidated financial statements to this annual report.

Save as disclosed above, none of the related party transactions constituted a connected transaction or continuing connected transaction (as defined in the GEM Listing Rules) that was required to be disclosed. All the connected transactions or continuing connected transactions had complied with the disclosure requirements of the GEM Listing Rules.

COMPETITION AND CONFLICT OF INTERESTS

The Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that competed or might compete, directly or indirectly, with the business of the Group and any other conflict of interests which any such person had or might have with the Group during the year ended 31 March 2018.

Pursuant to a non-competition deed dated 23 March 2018 and executed by Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong, Ms. Melanie Kwong and Future More Company Limited ("**Future More**") (the "**Deed of Non-competition**"), each of them has undertaken to the Company that it/he/she will not engage in, and shall procure its/his/her close associates (other than members of the Group) not to engage in, any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group. Details of the Deed of Non-competition have been disclosed in the section headed "Relationship with our Controlling Shareholders — Non-competition Undertaking" of the Prospectus.

The Company has received from each of Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong, Ms. Melanie Kwong and Future More an annual confirmation that it/he/she has fully complied with its/his/her obligations under the Deed of Non-competition. The INEDs have reviewed and were satisfied that each of Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong, Ms. Melanie Kwong and Future More had complied with and enforced the provisions of the Deed of Non-competition during the period from the Listing Date and up to the date of this report (the "**Period**").

INDEPENDENCE CONFIRMATION

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

Directors' Report

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

Long positions in the shares of the Company (the "Shares")

Name of Directors	Capacity/Nature of interest	Number of Shares	Percentage of shareholding (Note 3)
Mr. Kwong (Notes 1 and 2)	Interest of controlled corporation	750,000,000	75%
Ms. Kwong (Notes 1 and 2)	Interest of controlled corporation	750,000,000	75%

Notes:

1. On 23 November 2017, Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong entered into a concert party deed (the "Concert Party Deed") to acknowledge and confirm, among other things, that each of them has acted and shall continue to act in concert in respect of each of Meric Investment Limited, Lord Master Limited and the Company. Details of the Concert Party Deed are set out in the section headed "History, Development and Reorganisation — Parties acting in concert" in the Prospectus. As such, pursuant to the parties acting in concert arrangement, each of Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong is deemed to be interested in the Shares registered in the name of Future More (i.e. 75% of the issued share capital of the Company) by virtue of the SFO.
2. As at 31 March 2018, Future More held 750,000,000 Shares and Future More was owned as to 14% by Mr. Kwong, 18% by Ms. Ingrid Ip, 18% by Ms. Kwong, 25% by Mr. Joseph Kwong and 25% by Ms. Melanie Kwong respectively.
3. These percentages are calculated on the basis of 1,000,000,000 Shares in issue as at 31 March 2018.

Directors' Report

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

Long positions in the shares of associated corporation

Name of director	Name of associated corporation	Capacity	Number of ordinary shares held	Percentage of shareholding
Mr. Kwong	Future More	Interests held jointly with another person; beneficial owner	14	14%
Ms. Kwong	Future More	Interests held jointly with another person; beneficial owner	18	18%

Note:

By virtue of the Concert Party Deed, each of Mr. Kwong and Ms. Kwong is deemed to be interested in the same parcel of Shares in which Future More is interested and is deemed to be interested.

Save as disclosed above and so far as is known to the Directors, as at 31 March 2018, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Directors' Report

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

As at 31 March 2018 and so far as is known to the Directors, the following entities or persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying Shares, which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the Shares

Name of substantial shareholders	Capacity/Nature of interests	Number of shares held	Percentage of shareholding (Note 3)
Future More (Notes 1 and 2)	Beneficial owner	750,000,000	75%

Notes:

1. Pursuant to the Concert Party Deed, Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong have agreed to acknowledge and confirm, among other things, that each of them has acted and will continue to act in concert in respect of each of Meric Investment Limited, Lord Master Limited and the Company. Details of the Concert Party Deed are set out in the section headed "History, Development and Reorganisation — Parties acting in concert" in the Prospectus. As such, pursuant to the parties acting in concert arrangement, each of Mr. Kwong, Ms. Ingrid Ip, Ms. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong is deemed to be interested in the Shares registered in the name of Future More (i.e. 75% of the issued share capital of the Company) by virtue of the SFO.
2. Future More is a company incorporated in the British Virgin Islands. As at 30 March 2018, Future More was owned as to 14% by Mr. Kwong, 18% by Ms. Ingrid Ip, 18% by Ms. Kwong, 25% by Mr. Joseph Kwong and 25% by Ms. Melanie Kwong, respectively.
3. These percentages are calculated on the basis of 1,000,000,000 Shares in issue as at 31 March 2018.

Save as disclosed above, as at 31 March 2018, the Directors were not aware of any interests or short positions owned by any entities or persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

Directors' Report

SHARE OPTION SCHEME

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the resolutions in writing of all the Shareholders passed on 23 March 2018 (the **"Adoption Date"**). The Share Option Scheme became effective on the Listing Date. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) Purpose

The Share Option Scheme enables the Company to grant options to subscribe for the Shares (the **"Options"**) to any director, employee or officer, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Company or any of the subsidiaries (the **"Eligible Person"**), as incentives or rewards for their contributions to our Group.

(b) Participants

The basis of eligibility of any person to the grant of any Option shall be determined by our Board from time to time on the basis of his or her contribution or potential contribution to the development and growth of our Group.

(c) Grant of Options

Our Board shall not offer the grant of Options to any Eligible Persons after inside information has come to our Company's knowledge until we have announced the information in accordance with the requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules), and (b) the deadline for our Company to publish an announcement of our results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement. The period during which no Option may be granted will cover any period of delay in the publication of a result announcement.

Subject to paragraph (k) below, the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted to a participant under the Share Option Scheme and other schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares from time to time in issue, and provided that if approved by Shareholders in general meeting with such participant and his or her close associates (or his or her associates if the participant is a connected person) abstaining from voting, our Company may make a further grant of Options to such participant (the **"Further Grant"**) notwithstanding that the Further Grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted under the Share Option Scheme and other schemes to such participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares from time to time in issue. In relation to the Further Grant, our Company must send a circular to our Shareholders, which discloses, amongst other, information from time to time as required by the GEM Listing Rules, the number and the terms of the Options to be granted. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders' meeting and the date of meeting of our Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the exercise price.

Directors' Report

SHARE OPTION SCHEME (Continued)

(d) Exercise Price

The exercise price for any Shares under the Share Option Scheme will be a price determined by our Board and notified to each participant and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the relevant Options; and (iii) the nominal value of a Share on the date of the grant.

(e) Maximum number of Shares

- (i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and other Schemes must not in aggregate exceed 10% of the Shares in issue as at the Listing Date (the "**Scheme Mandate**") unless approved by the Shareholders pursuant to the terms of the Share Option Scheme. Options lapsed in accordance with the terms of the Share Option Scheme or other schemes will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 1,000,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 100,000,000 Shares, representing 10% of the Shares in issue as at the Listing Date.
- (ii) The Scheme Mandate Limit may be renewed by our Shareholders in general meeting provided always that to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and other schemes under the Scheme Mandate Limit so renewed must not exceed 10% of the Shares in issue as at the date of such Shareholders' approval provided that Options previously granted under the Share Option Scheme and other schemes (including those exercised, outstanding, cancelled or lapsed in accordance with the terms thereof) shall not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. In relation to the Shareholders' approval referred to in this paragraph (ii), our Company shall send a circular to our Shareholders containing the information from time to time as required by the GEM Listing Rules.
- (iii) Subject to the terms of the Share Option Scheme and the approval of Shareholders in general meeting, our Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to Eligible Persons specifically identified by our Company before such Shareholders' approval is sought. In relation to the Shareholders' approval referred to in this paragraph (iii), our Company shall send a circular to our Shareholders containing such relevant information from time to time as required by the GEM Listing Rules.
- (iv) Notwithstanding the foregoing, no Options may be granted by our Company if the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and other schemes in aggregate exceeds 30% of the Shares in issue from time to time.

No Option has been granted under the Share Option Scheme since the Listing Date and up to 31 March 2018. Accordingly, the total number of Shares available for issue under the Share Option Scheme is 100,000,000 Shares, representing 10% of the issued Shares as at the date of this annual report.

Directors' Report

SHARE OPTION SCHEME (Continued)

(f) Time of exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the applicable option period, provided that, amongst others, the period within which the Option must be exercised shall not be more than 10 years from the date on which that Option is deemed to have been granted. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by our Board to each participant, which our Board may in its absolute discretion determine.

(g) Rights are personal to grantee

An Option shall be personal to the Participant and shall not be assignable or transferable and no participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option. Any breach of the foregoing by the participant shall entitle our Company to cancel any Option or any part thereof granted to such Participant (to the extent not already exercised) without incurring any liability on our Company.

(h) Minimum period for which an option must be held before it can be exercised

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Board.

(i) Amount payable on application or acceptance of the Option and the period within which payments or calls must or may be made, or loans for such purposes must be repaid

The Eligible Person shall remit HK\$1.00 to our Company as consideration for the grant upon acceptance of the Option. The Option shall be offered for acceptance for a period of not less than 5 business days from the date on which the Option is granted.

(j) Period of Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Listing Date, after which no further Options will be issued but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and the Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

The Board may impose such terms and conditions on the offer of Option(s) either on a case-by-case basis or generally as are not inconsistent with the Share Option Scheme, including but not limited to the minimum period for such an Option must be held, if applicable.

Directors' Report

SHARE OPTION SCHEME (Continued)

(k) Granting of Options to a director, chief executive or substantial shareholder of our Company or any of their respective associates

Any grant of Options to any director, chief executive or substantial shareholder of our Company, or any of their respective associates, must be approved by the INEDs (excluding any INED who is the proposed participant). If a grant of Options to a substantial shareholder of our Company or an INED, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options granted and to be granted (including the Options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of the grant (i) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue, and (ii) 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 Options must be approved by our Shareholders on a poll in a general meeting. The participant, his or her associates and all core connected persons of our Company must abstain from voting in favour at such general meeting. Our Company will send a circular to our Shareholders containing the information as required under the GEM Listing Rules. In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to a participant who is a substantial shareholder of our Company, an INED or any of their respective associates. The circular must contain the following:

- (i) details of the number and terms of the Options (including the exercise price relating thereto) to be granted to each Eligible Person, which must be fixed before the relevant Shareholders' meeting, and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price;
- (ii) a recommendation from our INEDs (excluding any INED who is a proposed participant) to the independent Shareholders as to voting; and
- (iii) all the information as required under the GEM Listing Rules from time to time.

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive of our Company set out in this paragraph do not apply where the Eligible Person is only a proposed Director or proposed chief executive of our Company.

Directors' Report

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2018, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

MANAGEMENT CONTRACTS

No contracts (except for the service contracts of the executive Directors) concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not redeem any of its shares listed and traded on the Stock Exchange during the Period. Nor did the Company or any of its subsidiaries purchase or sell any of the Company's shares during the Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Alliance Capital Partners Limited ("ACP") to be the compliance adviser. As informed by ACP, neither ACP nor any of its directors or employees or associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and ACP dated 16 April 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 10 September 2018 to Thursday, 13 September 2018 (both days inclusive), during which period no transfer of Shares will be registered, in order to ascertain Shareholders' entitlement to attend the forthcoming AGM, which will be held on Thursday, 13 September 2018. In order to qualify to attend and vote at the AGM, non-registered Shareholders must lodge all duly completed share transfer forms accompanied by the relevant share certificates with the Company's branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 7 September 2018.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 35 to the consolidated financial statements, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2018 and up to the date of this report.

Directors' Report

REQUIRED STANDARD OF DEALINGS

The Company has adopted its securities dealing code (the “**Own Code**”) regarding dealings in the Company’s securities by the Directors, senior management and certain employees of the Group (who are likely to be in possession of unpublished inside information in relation to the Company or its securities) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”). A specific enquiry has been made by the Company with each of the Directors and all of them have confirmed that they had complied with the required standards set out in the Required Standard of Dealings and the Own Code throughout the Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that the Company has maintained a sufficient public float (i.e. at least 25% of the issued Shares in public hands) as required under the GEM Listing Rules throughout the period from the Listing Date to the date of this report.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and external auditor the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the audited consolidated financial statements for the year ended 31 March 2018.

RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

INDEPENDENT AUDITORS

The Company was incorporated on 8 November 2017. The consolidated financial statements of the Company for the year ended 31 March 2018 have been audited by HLB Hodgson Impey Cheng Limited, the independent auditors, which will retire and, being eligible, offer themselves for re-appointment.

A resolution will be proposed at the forthcoming AGM to re-appoint HLB Hodgson Impey Cheng Limited as the independent auditors of the Company until the conclusion of the next AGM and to authorize the Board to fix their remuneration.

On behalf of the Board

Kwong Tai Wah

Chairman

Hong Kong, 26 June 2018

Independent Auditors' Report



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

31st Floor
Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MS CONCEPT LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of MS Concept Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 47 to 95, which comprise the consolidated statement of financial position as at 31 March 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statement 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.

Independent Auditors' Report

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Revenue recognition from restaurant operations</i></p> <p>Refer to note 7 to the consolidated financial statements</p> <p>We identified revenue recognition from restaurant operations as a key audit matter as revenue recognition is quantitatively significant to the consolidated statement of profit or loss and other comprehensive income and material revenue transactions may occur close to the end of the reporting period.</p>	<p>Our procedures in relation to revenue recognition from restaurant operations included:</p> <ul style="list-style-type: none">• Obtaining an understanding of the revenue recognition process for restaurant operations;• Obtaining an understanding of the revenue business processes and key controls, and testing key manual and information technology controls for validity of revenue recognition from restaurant operations; and• Performing test of details, on a sample basis, by comparing the details and amounts of the transactions selected with the details and amounts shown on the underlying documentation, including the journal vouchers and sales invoices. <p>We found that the amount and timing of the revenue recognition were supported by the available evidence.</p>

OTHER INFORMATION

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

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

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

Independent Auditors' Report

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditors' Report

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Shek Lui

Practising Certificate Number: P05895

Hong Kong, 26 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	7	262,758	234,873
Cost of inventories sold		(84,478)	(79,244)
Gross profit		178,280	155,629
Other revenue and other income	8	823	1,083
Staff costs		(73,201)	(65,171)
Depreciation of property, plant equipment		(5,768)	(5,762)
Rentals and related expenses		(55,233)	(49,802)
Fuel and utility expenses		(5,432)	(5,335)
Administrative expenses		(20,132)	(16,285)
Listing expenses		(9,885)	–
Finance costs	9	(807)	(849)
Profit before tax	10	8,645	13,508
Income tax expenses	13	(3,089)	(2,196)
Profit and total comprehensive income for the year		5,556	11,312
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		5,556	11,312
Earnings per share			
Basic and diluted earnings per share (HK cents)	15	0.74	1.51

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

Consolidated Statement of Financial Position

At 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Property, plant and equipment	16	11,076	13,016
Deferred tax assets	17	1,843	1,280
Non-current rental deposits	20	8,148	9,171
		21,067	23,467
Current assets			
Inventories	18	861	702
Trade receivables	19	2,680	918
Deposits, prepayments and other receivables	20	10,950	6,705
Amount due from a director	21	–	4,093
Amounts due from shareholders	21	–	3,150
Amounts due from related companies	21	–	6,060
Pledged bank deposits	22	2,015	2,013
Cash and bank balances	23	13,770	5,113
		30,276	28,754
Current liabilities			
Amount due to a related company	21	74	8,294
Trade payables	24	17,560	10,188
Accruals and other payables	25	9,861	2,977
Tax payables		1,234	550
Bank borrowings	26	18,626	16,980
		47,355	38,989
		(17,079)	(10,235)
		3,988	13,232
Capital and reserve			
Share capital	27	–	–
Reserve		3,988	13,232
		3,988	13,232

The consolidated financial statements were approved and authorised for issue by the board of directors on 26 June 2018 and signed on its behalf by:

Kwong Tai Wah
Director

Kwong Man Yui
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Share capital HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 April 2016	–	14,270	14,270
Profit and total comprehensive income for the year	–	11,312	11,312
Dividend paid (<i>note 14</i>)	–	(12,350)	(12,350)
Balance at 31 March 2017 and at 1 April 2017	–	13,232	13,232
Profit and total comprehensive income for the year	–	5,556	5,556
Dividend paid (<i>note 14</i>)	–	(14,800)	(14,800)
Balance at 31 March 2018	–	3,988	3,988

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	2018 HK\$'000	2017 HK\$'000
Cash flows from operating activities		
Profit before tax	8,645	13,508
Adjustments for:		
Finance costs	807	849
Interest income	(2)	(2)
Loss on disposal and written-off of property, plant and equipment	86	1
Depreciation of property, plant and equipment	5,768	5,762
Operating cash flows before movements in working capital	15,304	20,118
(Increase)/decrease in inventories	(159)	42
(Increase)/decrease in trade receivables	(1,762)	150
Increase in deposits, prepayments and other receivables	(3,589)	(1,724)
Increase in trade payables	7,372	4,376
Increase in accruals and other payables	6,874	1,207
Cash generated from operations	24,040	24,169
Profit tax paid	(2,968)	(1,608)
Net cash generated from operating activities	21,072	22,561
Cash flows from investing activities		
Interest received	2	2
Purchase of property, plant and equipment	(3,547)	(3,782)
Placement of pledged bank deposits	(2)	(2)
Deposits paid for acquisition of property, plant and equipment	–	(367)
Net cash used in investing activities	(3,547)	(4,149)
Cash flows from financing activities		
Interest paid	(797)	(856)
Advance to a director	(618)	(2,439)
Advance to shareholders	(250)	(2,074)
Advance to related companies	–	(60)
Advance from a related company	74	–
Repayment from a director	4,711	–
Repayment from shareholders	3,400	–
Repayment from related companies	6,060	–
Repayment to a related company	(8,294)	–
Proceeds from bank borrowings	7,000	–
Repayment of bank borrowings	(5,354)	(4,869)
Dividend paid	(14,800)	(12,350)
Net cash used in financing activities	(8,868)	(22,648)
Net increase/(decrease) in cash and cash equivalents	8,657	(4,236)
Cash and cash equivalents at the beginning of the reporting period	5,113	9,349
Cash and cash equivalents at the end of the reporting period	13,770	5,113

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

1. GENERAL

(a) General information of the Group

The Company was incorporated in the Cayman Islands on 8 November 2017 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The issued shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of share offer (the “**Listing**”) with effect from 16 April 2018 (the “**Listing Date**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 2313, 23/F, Hong Kong Plaza, 186–191 Connaught Road West, Hong Kong. Its ultimate holding company is Future More Company Limited (“**Future More**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability and wholly owned by Mr. Kwong Tai Wah (“**Mr. Kwong**”), Ms. Ip Yin King Ingrid (“**Ms. Ingrid Ip**”), Mr. Kwong Tai Wing Joseph (“**Mr. Joseph Kwong**”), Ms. Kwong Ching Yee Melanie (“**Ms. Melanie Kwong**”) and Ms. Kwong Man Yui (“**Ms. Kwong**”) (collectively referred to as the “**Controlling Shareholders**”).

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

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

(b) Reorganisation and basis of presentation

Pursuant to the reorganisation (the “**Reorganisation**”) as fully explained in the paragraph headed “Reorganisation” in the section headed “History, Development and Reorganisation” of the prospectus of the Company dated 29 March 2018 (the “**Prospectus**”), the Company became the holding company of the companies now comprising the Group on 23 March 2018. Immediately prior to and after the Reorganisation, the companies now comprising the Group were under common control by the Controlling Shareholders. The Reorganisation is merely a reorganisation of the Group with no change in management of such business and the ultimate owner of the business. Accordingly, the consolidated financial statements have been prepared on the basis by applying the principle of merger accounting, as if the Reorganisation had been completed at the beginning of the reporting period.

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

All intra-group transaction and balances have been eliminated on combination in full.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”)

The Group has applied and consistently applied HKFRSSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are effective for the Group’s financial year beginning on 1 April 2017 for both current and prior years.

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

HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement ²
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures ²
HKAS 40 (Amendments)	Transfers of Investment Property ¹
HKFRSSs (Amendments)	Annual Improvements to HKFRSSs 2014–2016 Cycle except HKFRS 12 (Amendments) ¹
HKFRSSs (Amendments)	Annual Improvements to HKFRSSs 2015–2017 Cycle ²
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions ¹
HKFRS 4 (Amendments)	Applying HKFRS 9 <i>Financial Instruments</i> with HKFRS 4 <i>Insurance Contracts</i> ¹
HKFRS 9	Financial Instruments ¹
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ³
HK (IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK (IFRIC)–Int 23	Uncertainty over Income Tax Treatments ²

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

² Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

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

HKFRS 9 *Financial Instruments*

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

HKFRS 9 *Financial Instruments* (continued)

Based on the Group’s financial instruments and risk management policies as at 31 March 2018, the directors anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement

All financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

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. However, the directors do not anticipate that the application of the expected credit loss model of HKFRS 9 will have a material impact to the opening retained earnings as at 1 April 2018.

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

HKFRS 15 Revenue from Contracts with Customers (continued)

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 respective reporting period.

HKFRS 16 Leases

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

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

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. 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.

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2018, the Group had non-cancellable operating lease commitments of approximately HK\$71,154,000 as disclosed in note 28 to the consolidated financial statements. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

HKFRS 16 Leases (continued)

In addition, the Group currently considers refundable rental deposits paid of HK\$13,411,000 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.

Except as described above, the directors do not anticipate that the application of other new and revised HKFRSs will have a material impact on these consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Statement of compliance

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

Basis of preparation

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (continued)

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

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

Basis of consolidation

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

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

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

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

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

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (continued)

Merger accounting for business combination involving entities under common control

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

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

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

Property, plant and equipment

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

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets

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

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

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

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

Inventories

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

Financial instruments

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

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

Impairment of financial assets

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

Financial liabilities and equity instruments

Classification as financial liabilities or equity

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

Equity instruments

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

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 amount due to a related company, trade payables, accruals and other payables (excluding receipt in advance) 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 asset, 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 or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting financial instruments

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

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

Provisions

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

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

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

Contingent liabilities and contingent assets

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

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

Revenue from restaurants operations are recognised when catering services have been provided to the customers.

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

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

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

Leasing

All leases are classified as operating leases.

The Group as lessee

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

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

Employee benefits

Short term employee benefits

Salaries, annual bonuses and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (continued)

Retirement benefit obligations

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

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

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

Borrowing costs

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

Taxation

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

Current tax

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

Deferred tax

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (continued)

Deferred tax (continued)

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

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

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

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

Current and deferred tax for the year

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

Segment reporting

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividend is approved by shareholders of the Company.

Related parties

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

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Impairment of trade receivables

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

Income taxes

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

Net realisable value of inventories

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

Assessment of economic useful lives of fixed assets

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018 HK\$'000	2017 HK\$'000
Financial assets		
Loans and receivables:		
— Trade receivables	2,680	918
— Deposits paid and other receivables	15,438	15,296
— Amount due from a director	—	4,093
— Amounts due from shareholders	—	3,150
— Amounts due from related companies	—	6,060
— Pledged bank deposits	2,015	2,013
— Cash and bank balances	13,770	5,113
Financial liabilities		
Financial liabilities measured at amortised costs:		
— Amount due to a related company	74	8,294
— Trade payables	17,560	10,188
— Accruals and other payables	9,699	2,899
— Bank borrowings	18,626	16,980

(b) Financial risk management objectives and policies

The Group major financial instruments include trade receivables, deposits paid and other receivables, amount due from a director, amounts due from shareholders, amounts due from related companies, pledged bank deposits, cash and bank balances, amount due to a related company, trade payables, accruals and other payables (excluding receipt in advance) and bank borrowings. Details of the financial instruments for the Group are disclosed in respective notes to the consolidated financial statements.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

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

Market risk

Interest rate risk

The Group is exposed to interest rate risk relates primarily to variable rate borrowings (note 26 to the consolidated financial statements for the details of bank borrowings). The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have an interest rate hedging policy. However, the directors monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis points (2017: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the directors' assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2017: 25 basis points) higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended 31 March 2018 would decrease/increase by approximately HK\$47,000 (2017: HK\$42,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank borrowings.

Credit risk

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

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

In order to minimise the credit risk in relation to the corporate customers, the directors reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group has significant concentration of credit risk on amount due from a director, amounts due from shareholders and amounts due from related companies. The directors consider the counterparty with good credit worthiness based on its past repayment history and subsequent settlement.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

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

Credit risk (continued)

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

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

Liquidity risk

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 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 each reporting period.

	Within 1 year or on demand HK\$'000	More than 1 year but less than 5 years HK\$'000	Over 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
At 31 March 2018					
Non-derivative financial liabilities					
Amount due to a related company	74	-	-	74	74
Trade payables	17,560	-	-	17,560	17,560
Accruals and other payables	9,699	-	-	9,699	9,699
Bank Borrowings	18,626	-	-	18,626	18,626
	45,959	-	-	45,959	45,959

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk (continued)

	Within 1 year or on demand HK\$'000	More than 1 year but less than 5 years HK\$'000	Over 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
At 31 March 2017					
Non-derivative financial liabilities					
Amount due to a related company	8,294	–	–	8,294	8,294
Trade payables	10,188	–	–	10,188	10,188
Accruals and other payables	2,899	–	–	2,899	2,899
Bank Borrowings	16,980	–	–	16,980	16,980
	38,361	–	–	38,361	38,361

Bank borrowings with a repayment on demand clause are included in the “within 1 year or on demand” time band in the above maturity analysis. At 31 March 2018, the aggregate carrying amounts of these bank borrowings amounted to HK\$18,626,000 (2017: HK\$16,980,000). Taking into account the Group’s consolidated financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe 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 rate, the undiscounted amount is derived from weighted average interest rate at the end of each reporting period.

	Within 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
Bank borrowings with a repayment on demand clause					
At 31 March 2018	5,376	11,462	4,220	21,058	18,626
At 31 March 2017	5,233	8,421	5,754	19,408	16,980

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair value of financial instruments

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

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

(d) Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amounts of dividend paid to the shareholders, return on capital to the shareholders or issue of new shares or redemption of existing shares as well as issue of new debts or redemption of existing debts.

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

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

	2018 HK\$'000	2017 HK\$'000
Total borrowings (<i>note (i)</i>)	18,700	25,274
Less: Cash and cash equivalent (<i>note (ii)</i>)	(15,785)	(7,126)
Net debts	2,915	18,148
Total equity	3,988	13,232
Net debts to equity ratio	73%	137%
Total debts to equity ratio	469%	191%

Notes:

- (i) Total borrowings include amount due to a related company and bank borrowings in notes 21 and 26 to the consolidated financial statement respectively.
- (ii) Cash and cash equivalents include pledged bank deposits and cash and bank balances in notes 22 and 23 to the consolidated financial statement respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

6. SEGMENT INFORMATION

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

7. REVENUE

Revenue represents amounts received and receivable from restaurants operations and sales of food, net of discounts. An analysis of revenue is as follows:

	2018 HK\$'000	2017 HK\$'000
Restaurants operations	260,413	232,722
Sales of food	2,345	2,151
	262,758	234,873

8. OTHER REVENUE AND OTHER INCOME

	2018 HK\$'000	2017 HK\$'000
Interest income	2	2
Management fee income	30	102
Tips income	385	435
Sponsorship income	200	279
Sundry income	206	265
	823	1,083

9. FINANCE COSTS

	2018 HK\$'000	2017 HK\$'000
Interest on bank borrowings	807	849

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

10. PROFIT BEFORE TAX

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

	2018 HK\$'000	2017 HK\$'000
Auditors' remuneration:		
— Audit service (<i>Note</i>)	980	120
— Non-audit services	152	31
	1,132	151
Cost of inventories sold	84,478	79,244
Depreciation of property, plant and equipment	5,768	5,762
Loss on disposal and written-off of property, plant and equipment	86	1
Lease payments under operating leases in respect of restaurants and office premises:		
— Minimum lease payments	39,086	35,524
— Contingent rents	5,055	4,196
	44,141	39,720
Employee benefit expenses (including directors' remuneration):		
— Salaries and other allowances	67,753	60,293
— Staff benefits	2,134	1,950
— Retirement benefit scheme contributions	3,314	2,928
	73,201	65,171
Listing expenses	9,885	—

Note: Exclude services for the Listing of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

11. DIRECTORS' REMUNERATION

The remuneration of directors were set out below:

	Year ended 31 March 2018			
	Directors' fees HK\$'000	Salaries, allowance, and benefits in kind HK\$'000	Retirement benefit scheme contribution HK\$'000	Total HK\$'000
Executive directors:				
Mr. Kwong	–	240	12	252
Ms. Kwong	–	522	17	539
Mr. Lam On Fai	–	760	18	778
Independent non-executive directors:				
Mr. Lai Ming Fai Desmond <i>(appointed on 23 March 2018)</i>	–	–	–	–
Dr. Cheng Lee Lung <i>(appointed on 23 March 2018)</i>	–	–	–	–
Mr. Kwok Yiu Chung <i>(appointed on 23 March 2018)</i>	–	–	–	–
	–	1,522	47	1,569

	Year ended 31 March 2017			
	Directors' Fees HK\$'000	Salaries, allowance, and benefits in kind HK\$'000	Retirement benefit scheme contribution HK\$'000	Total HK\$'000
Executive directors:				
Mr. Kwong	–	–	–	–
Ms. Kwong	–	–	–	–
Mr. Lam On Fai	–	715	18	733
	–	715	18	733

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

During the year ended 31 March 2018 and 2017, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2018 and 2017.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

11. DIRECTORS' REMUNERATION (continued)

No remuneration was paid to the independent non-executive directors during the year ended 31 March 2017 as the independent non-executive directors have not been appointed during the year 31 March 2017.

No share options were granted to the directors during the years ended 31 March 2018 and 31 March 2017.

Except as disclosed in note 30 to the consolidated financial statements, no other transactions, arrangements or contracts of significance to which the Company, its ultimate holding company, or any subsidiaries of its ultimate holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individual include one (2017: one) director, whose emoluments are disclosed in note 11 to the consolidated financial statements, for the year ended 31 March 2018. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2018 HK\$'000	2017 HK\$'000
Salaries, allowance and benefits in kind	2,015	1,781
Retirement benefit scheme contributions	72	69
	2,087	1,850

The above individuals with the highest emoluments include one (2017: one) senior management as disclosed in the section headed "Biographical Details of Directors and Senior Management", fell within the following bands:

	2018	2017
Nil to HK\$1,000,000	4	4

During the year ended 31 March 2018 and 2017, no emoluments were paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

13. INCOME TAX EXPENSES

	2018 HK\$'000	2017 HK\$'000
Current tax — Hong Kong Profits Tax		
Charge for the year	3,654	2,625
Over-provision in prior years	(2)	(8)
	3,652	2,617
Deferred tax credit (<i>note 17</i>)	(563)	(421)
	3,089	2,196

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

The income tax expenses 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	8,645	13,508
Tax at Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	1,426	2,229
Tax effect of:		
Expenses not deductible for tax purpose	1,725	15
Over-provision in prior years	(2)	(8)
One-off tax reduction of Hong Kong Profits Tax by Inland Revenue Department	(60)	(40)
Income tax expenses for the year	3,089	2,196

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For the year ended 31 March 2018

14. DIVIDENDS

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

	2018 HK\$'000	2017 HK\$'000
Dividend paid	14,800	12,350

No final dividend has been paid or proposed by the Company since its incorporation. The board of directors does not recommend the payment of a final dividend for the year ended 31 March 2018.

15. EARNINGS PER SHARE

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

	2018 HK\$'000	2017 HK\$'000
Earnings per share		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	5,556	11,312

	2018 '000	2017 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	750,000	750,000

The calculation of basic earnings per share for the years ended 31 March 2018 and 2017 is based on the profit attributable to owners of the Company for the years ended 31 March 2018 and 2017 and on the assumption that the proposed 750,000,000 ordinary shares in issue, comprising 100 ordinary shares in issue as at the date of the Prospectus and 749,999,900 ordinary shares to be issued pursuant to the capitalisation issue as detailed in the section headed "Share Capital" set out in the Prospectus, as if the shares as there were outstanding throughout the entire period.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Catering and other equipment HK\$'000	Total HK\$'000
Cost				
At 1 April 2016	23,831	2,957	7,397	34,185
Additions	2,817	432	533	3,782
Disposal and written-off	(1,390)	-	-	(1,390)
At 31 March 2017 and at 1 April 2017	25,258	3,389	7,930	36,577
Additions	2,816	293	805	3,914
Disposal and written-off	-	(476)	(203)	(679)
At 31 March 2018	28,074	3,206	8,532	39,812
Accumulated depreciation and impairment				
At 1 April 2016	12,836	1,735	4,617	19,188
Charge for the year	4,085	526	1,151	5,762
Eliminated upon disposal and written-off	(1,389)	-	-	(1,389)
At 31 March 2017 and at 1 April 2017	15,532	2,261	5,768	23,561
Charge for the year	4,278	471	1,019	5,768
Eliminated upon disposal and written-off	-	(429)	(164)	(593)
At 31 March 2018	19,810	2,303	6,623	28,736
Carrying amounts				
At 31 March 2018	8,264	903	1,909	11,076
At 31 March 2017	9,726	1,128	2,162	13,016

During the year ended 31 March 2018, additions of leasehold improvements and furniture and fixtures with the amounts of approximately HK\$367,000 was settled by deposits paid recognised at 31 March 2017.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

17. DEFERRED TAXATION

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

	Accelerated tax depreciation HK\$'000
At 1 April 2016	859
Credit to profit or loss (<i>note 13</i>)	421
<hr/>	
At 31 March 2017 and at 1 April 2017	1,280
Credit to profit or loss (<i>note 13</i>)	563
<hr/>	
At 31 March 2018	1,843

18. INVENTORIES

	2018 HK\$'000	2017 HK\$'000
Food and beverage, and other operating item for restaurant operations	861	702

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

19. TRADE RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Credit card receivables	2,220	625
Other trade receivables	460	293
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	2,680	918

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

19. TRADE RECEIVABLES (continued)

The Group's trading terms with its customers are mainly by cash and credit card settlement. The settlement terms of credit card companies are usually 7 days after the service rendered date. Generally, there is no credit period granted to customers, except for certain well-established corporate customers in which credit period of up to 90 days is granted by the Group. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. The Group does not hold any collateral or other credit enhancement over its trade receivables balances. Trade receivables are interest-free.

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

	2018 HK\$'000	2017 HK\$'000
0-30 days	2,608	833
31-60 days	29	26
61-90 days	41	25
Over 90 days	2	34
	2,680	918

At 31 March 2018, trade receivables with the amount of approximately HK\$2,061,000 (2017: HK\$575,000) was due from the Group's top debtor.

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

	2018 HK\$'000	2017 HK\$'000
Neither past due nor impaired	2,671	884
One to three months past due	8	25
More than three months past due	1	9
	2,680	918

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

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

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For the year ended 31 March 2018

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Non-current portion

	2018 HK\$'000	2017 HK\$'000
Rental deposits	8,148	8,804
Deposits paid for acquisition of property, plant and equipment	–	367
	8,148	9,171

Current portion

	2018 HK\$'000	2017 HK\$'000
Rental deposits	5,263	4,309
Utility and other deposits	2,027	1,722
Prepayments	3,660	580
Other receivables	–	94
	10,950	6,705

Prepayments mainly consists of prepaid listing expenses, prepaid insurance and prepaid license fee.

21. AMOUNTS DUE FROM/(TO) A DIRECTOR/SHAREHOLDERS/RELATED COMPANIES

Particulars of the amounts due from a director, shareholders and related companies are as follows:

	2018 HK\$'000	2017 HK\$'000
Amount due from a director		
Mr. Kwong	–	4,093
Amounts due from shareholders		
Mr. Joseph Kwong	–	1,575
Ms. Melanie Kwong	–	1,575
	–	3,150
Amounts due from related companies		
Active Wisdom Limited (“Active Wisdom”) (Note (i))	–	6,000
Able Leader Asia Limited (“Able Leader”) (Note (ii))	–	60
	–	6,060

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

21. AMOUNTS DUE FROM/(TO) A DIRECTOR/SHAREHOLDERS/RELATED COMPANIES (Continued)

The maximum amounts due from a director, shareholders and related companies during the year are as follows:

	During the year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Amount due from a director		
Mr. Kwong	4,711	4,093
Amounts due from shareholders		
Mr. Joseph Kwong	1,700	1,575
Ms. Melanie Kwong	1,700	1,575
Amounts due from related companies		
Active Wisdom (Note (i))	6,000	6,000
Able Leader (Note (ii))	60	60

Particular of the amount due to a related company is as follows:

	2018 HK\$'000	2017 HK\$'000
Amount due to a related company		
Elite Fresh Food Company Limited ("Elite") (Note (iii))	74	8,294

Notes:

- (i) Active Wisdom is a company controlled by Ms. Ingrid Ip and Ms. Kwong, who are the Controlling Shareholders of the Company and close family member of Mr. Kwong.
- (ii) Mr. Kwong, the director of the Company, is also the director of Able Leader.
- (iii) Elite is a company controlled by Mr. Joseph Kwong and Ms. Melanie Kwong, who are the Controlling Shareholders of the Company and Ms. Ingrid Ip, who is the close family member of Mr. Kwong and Ms. Kwong and one of the Controlling Shareholders of the Company.

The amounts due from/(to) a director, shareholders and related companies are non-trade nature, unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

22. PLEDGED BANK DEPOSITS

The effective interest rates on fixed deposits is 0.08% (2017: 0.08%) and mature within one months.

The fixed bank deposits was pledged for general banking facilities grant to the Group.

23. CASH AND BANK BALANCES

	2018 HK\$'000	2017 HK\$'000
Cash and bank balances	13,770	5,113

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

24. TRADE PAYABLES

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

	2018 HK\$'000	2017 HK\$'000
0–30 days	7,704	5,727
31–60 days	9,317	813
61–90 days	539	1,560
Over 90 days	–	2,088
	17,560	10,188

The average credit period granted by suppliers is normally within 90 days.

At 31 March 2018, amount of approximately HK\$9,511,000 (2017: HK\$7,290,000) included in trade payable was due to Elite, a company controlled by Mr. Joseph Kwong and Ms. Melanie Kwong, who are the Controlling Shareholders of the Company, and Ms. Ingrid Ip, who is the close family member of Mr. Kwong and Ms. Kwong and one of the Controlling Shareholders of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

25. ACCRUALS AND OTHER PAYABLES

	2018 HK\$'000	2017 HK\$'000
Accruals	9,048	2,220
Receipt in advance	162	78
Other payables	651	679
	9,861	2,977

Accruals mainly consist of accrued listing expenses, accrued auditors' remuneration for audit service and non-audit services, accrued staff costs, accrued rental expenses and accrued fuel and utilities expenses.

26. BANK BORROWINGS

	2018 HK\$'000	2017 HK\$'000
Secured bank borrowings	16,387	12,158
Unsecured bank borrowings	2,239	4,822
	18,626	16,980
Carrying amount (shown under current liabilities) that contain a repayment on demand clause based on scheduled repayment terms:		
— Within one year	4,679	4,611
— More than 1 year but less than 5 years	9,966	7,051
— Over 5 years	3,981	5,318
	18,626	16,980

The bank borrowings are interest bearing at Hong Kong Dollar Prime Rate over a spread or minus a spread as appropriate. The interest rate on the Group's bank borrowings ranged from 4.25% to 4.56% per annum (2017: 4.25% to 5.50% per annum).

Secured bank borrowings are secured by pledged bank deposits, properties owned by Elite, personal guarantee provided by Mr. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong and corporate guarantee provided by Elite and certain group companies as appropriate.

Unsecured bank borrowings are unsecured, personal guarantee provided by Mr. Kwong, Mr. Joseph Kwong and Ms. Melanie Kwong, guarantee provided by the Hong Kong Mortgage Corporation Limited and corporate guarantee provided by Elite and certain group companies.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

27. SHARE CAPITAL

	No. of shares		Amounts	
	2018 '000	2017 '000	2018 HK\$'000	2017 HK\$'000
Ordinary share of HK\$0.01 each				
Authorised:				
At the beginning of the reporting period	–	–	–	–
As at the date of incorporation (<i>note a</i>)	38,000	–	380	–
Increased in authorised share capital (<i>note b</i>)	1,462,000	–	14,620	–
At the end of the reporting period	1,500,000	–	15,000	–

	No. of shares		Amounts	
	2018 '000	2017 '000	2018 HK\$'000	2017 HK\$'000
Issued and fully paid:				
At the beginning of the reporting period	–	–	–	–
Issue of share as at date of incorporation (<i>notes a and c</i>)	1	–	–	–
Issue of shares upon Reorganisation (<i>note c</i>)	99	–	–	–
At the end of the reporting period	100	–	–	–

Notes:

- Upon incorporation of the Company on 8 November 2017, the authorised share capital of the Company at the date of its incorporation was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each with one ordinary share allotted and issued as nil paid.
- On 23 March 2018, the shareholder of the Company resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$15,000,000 by the creation of an additional of 1,462,000,000 shares, each ranking pari passu with the shares then in issue in all respects.
- On 23 March 2018, the Company as purchaser and Future More as a vendor entered into a sale and purchase agreement pursuant to which Future More transferred the entire issued share capital of MS Restaurant Group Limited ("**MS Restaurant**") to the Company, in consideration of (i) allotting and issuing 99 shares to Future More, credited as fully paid at par and (ii) crediting as fully paid the one nil-paid share held by Future More.
- For the purpose of the presentation of the consolidated statement of financial position, the balance of the share capital at 31 March 2017 represents the aggregate amount of capital of the companies now comprising the Group.

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28. COMMITMENTS

Operating leases commitments

The Group as lessee

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

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

	2018 HK\$'000	2017 HK\$'000
Within one year	35,677	35,782
In the second to fifth years, inclusive	35,477	50,011
	71,154	85,793

In addition, the operating leases rentals for certain restaurants are based on the higher of a fixed rental and contingent rent based on the sales of these restaurants, whichever is higher, pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales of these restaurants could not be reliably determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

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

Capital commitments

	2018 HK\$'000	2017 HK\$'000
Authorised and contracted, but not provided for: Acquisition of property, plant and equipment	–	536

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

(a) Statement of financial position of the Company

	2018 HK\$'000
Non-current asset	
Investment in a subsidiary	–
Current assets	
Prepayments	2,871
Amounts due from subsidiaries	1
	2,872
Current liabilities	
Accruals and other payables	4,798
Amounts due to subsidiaries	8,386
Total liabilities	13,184
Net liabilities	(10,312)
Capital and reserves	
Share capital	–
Reserves	(10,312)
Total equity	(10,312)

On behalf of the board of directors:

Kwong Tai Wah
Director

Kwong Man Yui
Director

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

(b) Movement of reserves of the Company

	Accumulated losses HK\$'000
At the date of incorporation	–
Loss and total comprehensive loss for the period	(10,312)
At 31 March 2018	(10,312)

30. MATERIAL RELATED PARTY TRANSACTION

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

	2018 HK\$'000	2017 HK\$'000
Purchase of food paid/payable to a related company (<i>Note</i>)	39,886	43,384
Management fee income received/receivable from a related company	30	102
Management and consultancy fee paid/payable to a related company	233	986

Note:

On 23 March 2018, the Group had entered into the master supply agreement (the "**Master Supply Agreement**") with Elite whereby the Group will purchase and Elite will supply chilled and frozen meat and seafood and other food ingredients to the Group for restaurant operation. The term of the Master Supply Agreement will commence on the Listing Date until 31 March 2020. The purchase price will be determined with reference to the prevailing comparable market price. The transaction under the Master Supply Agreement is constituted as continuing connected transaction under chapter 20 of the GEM Listing Rules.

Notes to the Consolidated Financial Statements

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30. MATERIAL RELATED PARTY TRANSACTION (Continued)

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

	2018 HK\$'000	2017 HK\$'000
Salaries, allowance and benefits in kind	2,312	1,236
Retirement benefit schemes contributions	74	36
	2,386	1,272

- (c) Elite, a company controlled by Mr. Joseph Kwong and Ms. Melanie Kwong, who are the Controlling Shareholders of the Company and Ms. Ingrid Ip, a close family member of Mr. Kwong and Ms. Kwong and one of the Controlling Shareholders of the Company, had provided corporate guarantee and pledged properties to secured bank borrowings granted to the Group during the year ended 31 March 2018 and 2017 without any charge. The corporate guarantees and pledged properties will be released upon Listing.
- (d) Mr. Kwong, the director of the Company, Mr. Joseph Kwong and Ms. Melanie Kwong, who are the Controlling Shareholders of the Company, had provided personal guarantee for bank borrowings during the years ended 31 March 2018 and 2017 without any charge. The personal guarantees will be released upon Listing.
- (e) Details of the balances with related parties at the end of the reporting period are set out in notes 21 and 24 to the consolidated financial statements respectively.

Notes to the Consolidated Financial Statements

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31. PARTICULARS OF SUBSIDIARIES

The following table lists the subsidiaries of the Company:

Name of subsidiary	Country/place of incorporation	Class of share	Issued and fully paid share capital	Proportion of ownership interest and voting power held by the Company		Principal activities
				2018 %	2017 %	
Lord Master Limited	Hong Kong	Ordinary	HK\$4	100	100	Provision of catering services
MS Restaurant	BVI	Ordinary	US\$1	100	–	Investment holdings
Meric Investment Limited	Hong Kong	Ordinary	HK\$4	100	100	Provision of catering services

Except for MS Restaurant is directly held by the Company, all other subsidiaries are indirectly held by the Company.

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

32. 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 profit or loss represent contribution paid or payable to the funds by the Group at rates specified in the rules of the MPF Scheme.

The contributions paid and payable to the retirement benefits scheme by the Group are disclosed in note 10 to the consolidated financial statements.

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33. 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.

	Dividend payable HK\$'000	Interest payable HK\$'000	Bank borrowings HK\$'000	Amount due to a related company HK\$'000	Total HK\$'000
At 1 April 2016	–	34	21,849	8,294	30,177
Non-cash changes					
— Interest expenses on bank borrowings (note 9)	–	849	–	–	849
— Dividend declared	12,350	–	–	–	12,350
Cash flows					
— Inflow from financing activities	–	–	–	–	–
— Outflow from financing activities	(12,350)	(856)	(4,869)	–	(18,075)
At 31 March 2017 and at 1 April 2017	–	27	16,980	8,294	25,301
Non-cash changes					
— Interest expenses on bank borrowings (note 9)	–	807	–	–	807
— Dividend declared	14,800	–	–	–	14,800
Cash flows					
— Inflow from financing activities	–	–	7,000	74	7,074
— Outflow from financing activities	(14,800)	(797)	(5,354)	(8,294)	(29,245)
At 31 March 2018	–	37	18,626	74	18,737

Notes to the Consolidated Financial Statements

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34. SHARE OPTION SCHEME

The share option scheme (the “**Share Option Scheme**”) conditionally adopted by the resolutions in writing of all the shareholders passed on 23 March 2018 (the “**Adoption Date**”).

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

(a) Purpose of the Share Option Scheme

The Share Option Scheme enables the Company to grant options (the “**Options**”) to any director, employee or officer, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Company or any of the subsidiaries (the “**Eligible Persons**”), as incentives or rewards for their contributions to the Group.

(b) Participants

The basis of eligibility of any person to the grant of any Option shall be determined by the board of the directors from time to time on the basis of his or her contribution or potential contribution to the development and growth of the Group. Upon acceptance of the Option, the Eligible Person shall remit HK\$1.00 to the Company as consideration for the grant. The Option shall be offered for acceptance for a period of not less than 5 business days from the date on which the Option is granted.

(c) Grant of Options

The total number of shares issued and to be issued upon exercise of the Options granted and to be granted to a participant under the Share Option Scheme and other schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the shares from time to time in issue, and provided that if approved by shareholders in general meeting with such participant and his or her close associates (or his or her associates if the participant is a connected person) abstaining from voting, the Company may make a further grant of Options to such participant (the “**Further Grant**”) notwithstanding that the Further Grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted under the Share Option Scheme and other schemes to such participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the shares from time to time in issue.

(d) Exercise Price

The exercise price for any shares under the Share Option Scheme will be a price determined by the board of the directors and notified to each participant and shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Options, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant of the relevant Options; and (iii) the nominal value of a share on the date of the grant.

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34. SHARE OPTION SCHEME (Continued)

(e) Maximum number of Shares

- (i) The total number of shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and other schemes must not in aggregate exceed 10% of the shares in issue as at the Listing Date (the "**Scheme Mandate Limit**") unless approved by the shareholders pursuant to the terms of the Share Option Scheme. Options lapsed in accordance with the terms of the Share Option Scheme or other schemes will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 1,000,000,000 shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 100,000,000 shares, representing 10% of the shares in issue as at the Listing Date.
- (ii) The Scheme Mandate Limit may be renewed by the shareholders in general meeting provided always that to the extent that the total number of shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and other schemes under the Scheme Mandate Limit so renewed must not exceed 10% of the Shares in issue as at the date of such shareholders' approval provided that Options previously granted under the Share Option Scheme and other schemes (including those exercised, outstanding, cancelled or lapsed in accordance with the terms thereof) shall not be counted for the purpose of calculating the Scheme Mandate Limit as renewed.
- (iii) Subject to the terms of the Share Option Scheme and the approval of Shareholders in general meeting, the Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to Eligible Persons specifically identified by the Company before such shareholders' approval is sought.
- (iv) Notwithstanding the foregoing, no Options may be granted by the Company if the maximum number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and other schemes in aggregate exceeds 30% of the Shares in issue from time to time.

The total number of shares available for issue under the Share Option Scheme is 100,000,000 Shares, representing 10% of the issued Shares as at the date of this annual report.

(f) Time of exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the applicable option period, provided that, amongst others, the period within which the Option must be exercised shall not be more than 10 years from the date on which that Option is deemed to have been granted. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by the board of directors to each Participant, which the board of the directors may in its absolute discretion determine.

(g) Minimum period for which an option must be held before it can be exercised

There is no minimum period for which an Option granted must be held before it can be exercised except otherwise imposed by the board of the directors.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

34. SHARE OPTION SCHEME (Continued)

(h) Period of Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Listing Date, after which no further Options will be issued but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and the Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

The board of the directors may impose such terms and conditions on the offer of Option(s) either on a case-by-case basis or generally as are not inconsistent with the Share Option Scheme, including but not limited to the minimum period for such an Option must be held, if applicable.

(i) Granting of Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates

Any grant of Options to any director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive directors (excluding any independent non-executive director who is the proposed participant). If a grant of Options to a substantial shareholder of the Company or an independent non-executive director, or any of their respective associates will result in the total number of the shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of the grant (i) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue, and (ii) 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 Options must be approved by the shareholders on a poll in a general meeting.

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

35. EVENTS AFTER THE REPORTING PERIOD

- (a) The Company's shares were listed on GEM of the Stock Exchange on 16 April 2018 and 250,000,000 ordinary shares were issued at HK\$0.27 per offer share on 16 April 2018 (the "Share Offer") in connection with the Listing as detailed in the prospectus and the announcement of the Company dated 13 April 2018, among others, in relation to the allotment results of the Share Offer. After deducting related listing expenses, the net proceeds of the Share Offer are approximately HK\$39.6 million.
- (b) Pursuant to the written resolutions passed on 23 March 2018, the directors were authorised to capitalise the amount of HK\$7,499,999 from the amount standing to the credit of the share premium account of the Company and to appropriate such amount as to pay up in full at par 749,999,900 ordinary shares of the Company for allotment and issue to the persons whose names appeared on the register of members of the Company in proportion to their respective shareholdings in the Company. The capitalisation issue was completed on 13 April 2018.

36. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 26 June 2018.

Financial Summary

For the year ended 31 March 2018

A summary of the published results and of the assets and liabilities of the Group for each of the two years ended 31 March 2016 and 2017, as extracted from the prospectus of the Company dated 29 March 2018 and for the year ended 31 March 2018 pursuant to Rule 18.33 of the GEM Listing Rules, is set out below:

	Years ended 31 March		
	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Results			
Revenue	262,758	234,873	194,780
Profit before tax	8,645	13,508	12,669
Income tax expenses	(3,089)	(2,196)	(2,053)
Profit and total comprehensive income for the year attributable to owners of the Company	5,556	11,312	10,616
	As at 31 March		
	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Total assets	51,343	52,221	52,097
Total liabilities	(47,355)	(38,989)	(37,827)
Net assets	3,988	13,232	14,270
Total equity	3,988	13,232	14,270

Note: No consolidated financial statement of the Group for the years ended 31 March 2014 and 2015 have been published.