TOP STANDARD CORPORATION

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8510

2018 ANNUAL REPORT

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CORPORATE INFORMATION

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Cayman Islands

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COMPANY'S WEBSITE
topstandard.com.hk

COMPANY SECRETARY
Mr. Chu Pui Ki, Dickson (朱沛祺)
(Member of the Hong Kong Institute of Certified Public Accountants)

COMPLIANCE OFFICER
Mr. Chuk Stanley (祝嘉輝)

AUTHORISED REPRESENTATIVES
(for the purpose of the GEM Listing Rules)
Mr. Chuk Stanley (祝嘉輝)
Mr. Chu Pui Ki, Dickson (朱沛祺)

COMPLIANCE ADVISER
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(Certified Public Accountant)
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88 Queensway
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AUDIT AND RISK MANAGEMENT COMMITTEE
Ms. Chian Yat Ping (錢一平) *(Chairman)*
Mr. Yew Tak Yun, Paul (姚德恩)
Mr. Chan Kwok Ki, Stephen (陳國基)

REMUNERATION COMMITTEE
Mr. Chan Kwok Ki, Stephen (陳國基) *(Chairman)*
Mr. Chuk Stanley (祝嘉輝)
Ms. Chian Yat Ping (錢一平)
Mr. Yew Tak Yun, Paul (姚德恩)

NOMINATION COMMITTEE
Mr. Chuk Stanley (祝嘉輝) *(Chairman)*
Mr. Chuk Kin Yuen (祝建原)
Ms. Chian Yat Ping (錢一平)
Mr. Yew Tak Yun, Paul (姚德恩)
Mr. Chan Kwok Ki, Stephen (陳國基)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
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4th Floor, Harbour Place
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
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HSBC Main Building
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Central, Hong Kong

Industrial and Commercial Bank of China (Asia) Limited
33rd Floor, ICBC Tower
3 Garden Road
Central, Hong Kong

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "**Board**"), I am pleased to announce the Group's first annual results for the year ended 31 March 2018 since the listing of the shares of the Company (the "**Shares**") on GEM of the Stock Exchange.

During the year, the Company successfully listed its shares on GEM of the Stock Exchange by way of public offer and placing (the "**Share Offer**") in February 2018 (the "**Listing**"). The successful Listing represented the effort, devotion and support of our business partners, staff, senior management and shareholders since our establishment, and is also an encouragement to the Board in expanding the business of the Group. The net proceeds of approximately HK$42.3 million have been received from the Listing, which also strengthened the Group's financial position for further expansion and development of its food and beverage business.

FINANCIAL RESULTS

For the year ended 31 March 2018, the total revenue of the Group was approximately HK$116.1 million (2017: approximately HK$80.0 million). The loss and total comprehensive expense was approximately HK$21.9 million (2017: profit and total comprehensive income of approximately HK$8.3 million). The significant decrease in profit was mainly attributable to (i) the non-recurring Listing expenses of approximately HK$18.0 million (2017: nil); (ii) the start-up operating costs of the Group's new restaurant under the "San Xi Lou (三希樓)" brand located at Times Square, Causeway Bay ("**SXL Times Square**"), which commenced operations in November 2017; and (iii) the increase in the raw materials and consumables used, which unproportionally outpaced the revenue growth during the year. Excluding the effect of the Listing expenses, the Group would have recorded an adjusted net loss of approximately HK$3.9 million (2017: net profit of approximately HK$8.3 million).

BUSINESS REVIEW AND PROSPECTS

During the year and up to the date of this report, we have been operating five full-service restaurants serving different cuisines in Hong Kong, including (i) our two Sichuanese and Cantonese restaurants under the "San Xi Lou (三希樓)" brand located in Central and Causeway Bay, (ii) our fusion vegetarian restaurant under the "Pure Veggie House (心齋)" brand located in Central, and (iii) our two Japanese restaurants under the "Ronin (浪人)" brand located in Central ("**Ronin Central**") and Wanchai ("**Ronin Wanchai**"), serving premium Japanese cuisine and casual Japanese cuisine with "all-you-can-eat" buffet menu, respectively. We believe our multi-brand strategy enables us to target customers with different tastes and preferences, allowing us to benefit from the diversification of revenue sources.

The expansion of our restaurants portfolio could provide fresh tastes to our customers and further diversify our offerings to broaden our customer bases. The Group is actively exploring opportunities in expanding its restaurant network. The Group is currently exploring the expansion of its Sichuanese-cuisine restaurant network to Kowloon through acquiring certain assets from an existing restaurant operator and entering into a lease with the landlord of the existing location of this restaurant. This restaurant has a gross floor area of approximately 534 sq.m. and has approximately 150 seats. The Group is also looking at the possibility of expanding its geographical coverage. The Group is currently exploring the opening of a new restaurant in Taipei, Taiwan under the "Pure Veggie House (心齋)" brand.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, business partners, and shareholders for their persistent support, while also expressing my appreciation to the management team and employees for their valuable contribution to the development of the Group.

Chuk Stanley
Chairman

Hong Kong, 22 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong based restaurant group that offers Sichuanese and Cantonese, fusion vegetarian and Japanese cuisines under the "San Xi Lou (三希樓)", "Pure Veggie House (心齋)" and "Ronin (浪人)" brands, respectively. The Group's revenue for the year ended 31 March 2018 was primarily derived from catering income through its restaurants.

For the year ended 31 March 2018, the Group recorded an increase in revenue of approximately HK$36.2 million, representing an increase of approximately 45.3%, from approximately HK$80.0 million for the year ended 31 March 2017 to approximately HK$116.1 million for the year ended 31 March 2018. Such increase was mainly due to the inclusion of revenue derived from the Group's two Japanese restaurants under the "Ronin (浪人)" brand, namely Ronin Central and Ronin Wanchai, which were acquired by the Group in October 2016. The second Sichuanese and Cantonese restaurant of the Group under the "San Xi Lou (三希樓)" brand, namely SXL Times Square, opened in November 2017 also contributed to the Group's revenue by approximately HK$17.9 million.

On 13 February 2018 (the "**Listing Date**"), the Shares were successfully listed on GEM by way of Share Offer. After deducting all the relevant commissions and expenses borne by the Company, there were approximately HK$42.3 million of net proceeds from the Share Offer. The Group will utilise such net proceeds in accordance with the business strategies as set out in the Company's prospectus (the "**Prospectus**") dated 31 January 2018.

FINANCIAL REVIEW

Revenue

The Group's revenue increased to approximately HK$116.1 million for the year ended 31 March 2018 from approximately HK$80.0 million for the year ended 31 March 2017, representing an increase of approximately 45.3%. Such increase in the Group's revenue was mainly attributable to the inclusion of revenue in the amount of approximately HK$28.0 million derived from the Group's two Japanese restaurants, namely Ronin Central and Ronin Wanchai, which the Group acquired in October 2016. SXL Times Square also contributed to the increase of Group's revenue by approximately HK$17.9 million.

Raw materials and consumables used

The raw materials and consumables used increased to approximately HK$34.7 million for the year ended 31 March 2018 from approximately HK$19.5 million for the year ended 31 March 2017, representing an increase of approximately 77.4%. The Directors believed that such increase, which was not in proportion with the Group's revenue growth, was primarily due to a shift in customers' ordering preference.

Staff costs

The Group's staff costs increased to approximately HK$41.3 million for the year ended 31 March 2018 from approximately HK$28.4 million for the year ended 31 March 2017, representing an increase of approximately 45.5%. Such increase in the Group's staff costs was mainly attributable to the additional salaries and other benefits payable to the staff employed by Ronin Wanchai, Ronin Central and SXL Times Square.

MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation

The Group's depreciation increased to approximately HK$5.7 million for the year ended 31 March 2018 from approximately HK$3.0 million for the year ended 31 March 2017, representing an increase of approximately 90.3%. The Group's depreciation increased primarily due to the additional deprecation charge incurred by the Group arising from leasehold improvement of Ronin Wanchai, Ronin Central and SXL Times Square.

Rental and related expenses

Rental and related expenses increased to approximately HK$23.6 million for the year ended 31 March 2018 from approximately HK$10.4 million for the year ended 31 March 2017, representing an increase of approximately 125.8%. Such increase in the Group's rental and related expenses was mainly due to the (i) increase in monthly rental payments by the Group's San Xi Lou and Pure Veggie House restaurants located at Coda Plaza in Central ("**Coda Plaza**") after the Group entered into new lease agreements for these premises; (ii) the additional rental and related expenses incurred by Ronin Wanchai and Ronin Central, which became payable by the Group after these restaurants became part of the Group; (iii) the rental incurred on the premises for SXL Times Square before its commencement of business of approximately HK$2.1 million; and (iv) the additional rental and related expenses associated with Top Standard Banquet Hall (紅棉宴會廳), which is located on the 5th Floor of Coda Plaza, and our headquarters since 1 January 2017.

Utilities expenses

The Group's utilities expenses increased to approximately HK$5.3 million for the year ended 31 March 2018 from approximately HK$3.5 million for the year ended 31 March 2017, representing an increase of approximately 51.3%. The Group's utilities expenses increased primarily due to the additional water, gas and electricity charges incurred by the Group arising from Ronin Wanchai, Ronin Central and SXL Times Square.

Other expenses

Other expenses increased to approximately HK$7.7 million for the year ended 31 March 2018 from approximately HK$4.4 million for the year ended 31 March 2017, representing an increase of approximately 75.3%. The main reason for the increase were the increase in auditors' remuneration and additional miscellaneous charges incurred by the Group arising from Ronin Wanchai, Ronin Central and SXL Times Square.

(Loss) profit and total comprehensive (expense) income

The profit and total comprehensive income for the year ended 31 March 2017 of approximately HK$8.3 million changed to a loss and total comprehensive expense for the year ended 31 March 2018 of approximately HK$21.9 million. The change from profit to a loss position of the Group of approximately HK$30.2 million was mainly attributable to the non-recurring Listing expenses and the factors discussed above.

Basic (loss) earnings per share

The Group's basic earnings (loss) per share changed to loss per share of approximately 3.5 HK cents for the year ended 31 March 2018 from earnings per share of approximately 1.5 HK cents for the year ended 31 March 2017, representing a change of approximately 5 HK cents. Such change was in line with the change from profit and total comprehensive income for the year ended 31 March 2017 to loss and total comprehensive expense for the year ended 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS STRATEGIES WITH ACTUAL BUSINESS PROGRESS

The following sets out a comparison of the business strategies as stated in the Prospectus with the Group's actual business progress up to the date of this report.

Business strategies as stated in the Prospectus	Actual business progress up to the date of this report
Opening new restaurants	The Group is exploring possible location for the new restaurant under the "Pure Veggie House (心齋)" brand.
Establishing a central kitchen	The Group has engaged a consultant to provide feasibility report for central kitchen.
Renovating our premises and upgrading our equipment	Refurbishment work of Ronin Wanchai will commence in July 2018.
Upgrading our information system	The Group is obtaining fee quotations for the upgrade of information system.
Strengthening our marketing efforts	The marketing work for strengthening the Group's brand awareness has commenced and will continue.

USE OF PROCEEDS

The Shares have been successfully listed on GEM on the Listing Date. The actual net proceeds from the Share Offer, after deducting commissions and expenses borne by the Company in connection with the Share Offer, were approximately HK$42.3 million (the "**Actual Net Proceeds**"), which were lower than the estimated figure as stated in the Prospectus. Thus, the Company plans to apply the Actual Net Proceeds on the same business strategic plans as stated in the Prospectus for the period from the Listing Date to 31 March 2020 (the "**Period**") but with monetary adjustments to each business strategic plan on a pro-rata basis. The table below sets out the adjusted allocation and the actual usage of the Actual Net Proceeds as at 31 March 2018.

	Adjusted allocation of the Actual Net Proceeds HK$ (million)	Actual usage of the Actual Net Proceeds as at 31 March 2018 HK$ (million)
Business strategies as set out in the Prospectus		
Establishing a central kitchen	16.0	Nil
Renovating our premises and upgrading our equipment	10.7	Nil
Establishing a new restaurant in Kowloon	8.9	Nil
Repayment of utilised banking facility	3.6	3.6
Strengthen our marketing effects	1.0	Nil
Upgrading our information system	0.9	Nil
General working capital	1.2	Nil
	42.3	3.6

MANAGEMENT DISCUSSION AND ANALYSIS

Given the relatively short period between the Listing Date and 31 March 2018, the Group is still in the preliminary stages of implementing its business strategies as set out in the Prospectus.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group has total assets of approximately HK$89.1 million (2017: approximately HK$40.2 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK$39.3 million (2017: approximately HK$28.7 million) and approximately HK$49.8 million (2017: approximately HK$11.5 million), respectively. The current ratio as at 31 March 2018 of the Group was approximately 1.5 times (2017: approximately 0.8 times).

During the year ended 31 March 2018, the Group raised gross proceeds from the Share Offer of approximately HK$70.0 million. The net cash used in operating activities of approximately HK$14.6 million included Listing expenses paid of approximately HK$16.0 million. As at 31 March 2018, the Group had bank balances and cash of approximately HK$52.1 million (2017: approximately HK$1.4 million). The total interest-bearing loan of the Group as at 31 March 2018 was approximately HK$21.7 million (2017: approximately HK$18.9 million). The gearing ratio (calculated based on interest bearing loan and the obligation under finance lease divided by total equity) of the Group as at 31 March 2018 was approximately 0.4 times (2017: approximately 1.7 times).

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with majority of the transactions being settled in HKD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The transactions and monetary assets denominated in RMB are minimal for the two years ended 31 March 2017 and 2018, the Group considers there were no significant foreign exchange risks in respect of RMB for both years.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM on the Listing Date. These has been no changes in the capital structure of the Group since then. The share capital of the Group comprises only ordinary shares.

As at 31 March 2018, the Company issued share capital was HK$8,000,000 divided into 800,000,000 Shares of HK$0.01 each.

BORROWINGS

As at 31 March 2018, the total borrowings of the Group, all of which were denominated in Hong Kong dollar, amounted to approximately HK$21.7 million (2017: approximately HK$18.9 million) and borne floating interest rates from 2.0% to 5.5% per annum as at 31 March 2018. No financial instrument was being used for interest rate hedging purpose.

Save as disclosed, the Group did not have other borrowings for the year ended 31 March 2018 (2017: approximately HK$0.9 million of amounts due to related parties).

PLEDGE OF ASSETS

As at 31 March 2018, the Group's obligation under a finance lease was secured by the lessor's title to the leased asset, which had a carrying amount of approximately HK$0.2 million (2017: approximately HK$0.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

The Group was committed to make future minimum lease payments under non-cancellable operating leases. The Group's operating lease commitments amounted to approximately HK$42.3 million as at 31 March 2018 (2017: approximately HK$24.4 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

Save for the reorganisation of the Group in preparation for the Listing, the Group did not have any material acquisition nor disposal of subsidiaries, associates or joint ventures during the two years ended 31 March 2017 and 2018.

CONTINGENT LIABILITIES

As at 31 March 2017 and 31 March 2018, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2017 and 31 March 2018, the Group did not have any significant capital commitments.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2018.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP AND PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this report, the Group did not hold any significant investments as at 31 March 2017 and 2018 or have other plans for material investments and capital assets as at the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. During the year ended 31 March 2018, all of the Group's revenue was generated in Hong Kong. If Hong Kong experiences any adverse economic condition due to events beyond our control, such as natural disasters, contagious disease outbreaks, terrorist attacks, a local economic downturn, mass civil disobedience movements or if the local authorities place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected.

2. Rental expenses, cost of raw materials and consumables, staff cost and depreciation contributed majority of the Group's operating cost. The following factors are uncertain and may affect the cost control measures of the Group:

   (i) The Group's business depends on reliable sources of large quantities of food ingredients such as seafood, vegetables and meat. The price of food ingredients may continue to rise or fluctuate.

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

   (iii) As at 31 March 2018, the Group leased all the properties for its restaurants operating in Hong Kong. Therefore, the Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group would also be affected by interest rate risk, credit risk and liquidity risk. The financial risk management policies and practices of the Group are stated in note 28 to the consolidated financial statements in this annual report.

PROSPECT

The Group is actively exploring opportunities in expanding its restaurant network. The Group is currently exploring the expansion of its Sichuanese-cuisine restaurant network to Kowloon through acquiring certain assets from an existing restaurant operator and entering into a lease with the landlord of the existing location of such restaurant. This restaurant has a gross floor area of approximately 534 sq.m. and has approximately 150 seats.

The Group is also looking at the possibility of expanding its geographical coverage. The Group is currently exploring of expanding opening a new restaurant in Taipei, Taiwan under the "Pure Veggie House (心齋)" brand.

The Group intends to carry out the above expansion plans by a combination of its internal funding and also by bank borrowings (where required).

In relation to leases at Coda Plaza, the Group had exercised the option to renew its rental of San Xi Lou restaurant located on the 22nd Floor of Coda Plaza. For other leases at Coda Plaza, which will expire on 31 December 2018, the Group did not exercise the option to renew them and is currently under negotiation with the landlord. The Group is concurrently looking at the possibility of relocating some of its restaurants in Coda Plaza to other locations in Hong Kong in case agreement with the landlord cannot be reached.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chuk Stanley (祝嘉輝) (formerly known as Mr. Chuk Stanley Cah Fai), aged 39, is the chairman of the Board, an executive Director and the chief executive officer of the Group. He was appointed as a Director on 11 February 2016. He was re-designated as the executive Director and appointed as the chief executive officer of the Company and the chairman of the Board on 21 August 2017. He joined the Group as a director of Great Planner Limited, one of the operating subsidiaries of the Group, on 15 February 2008. He is primarily responsible for overseeing and planning of our business strategies and responsible for the overall management of the Group. He is the chairman of nomination committee and a member of remuneration committee. Mr. Chuk Stanley is also a director of all the subsidiaries of the Company.

Mr. Chuk Stanley has nearly ten years of experience in the restaurant and catering business in Hong Kong. Prior to joining the Group, he worked as a building manager at Chuk's Development Company Limited from January 2000 to June 2004 in Canada. From June 2005 to July 2006, Mr. Chuk Stanley served as a property manager at Hing Fai Development (H.K.) Company Limited in Hong Kong.

Mr. Chuk Stanley graduated from Langara College in Vancouver, Canada with an associate of arts degree in May 2002.

Mr. Chuk Stanley is son of Mr. Chuk Kin Yuen, the executive Director.

Mr. Lam Ka Wong, Johnson (林家煌), aged 38, was appointed as an executive Director and the chief operating officer of the Company on 21 August 2017. He was the financial controller of the Group from 18 November 2008 to 21 August 2017. Mr. Lam is primarily responsible for the overall management of the Group.

Mr. Lam has nearly ten years of experience in the administrative and financial management in the restaurant and catering business. Prior to joining the Group, he worked as a property consultant at Midland Business Management Ltd. from April 2005 to November 2005 and at Midland Realty (Comm.) Limited in Hong Kong in December 2005. Mr. Lam also served as a researcher at Harton Lee Limited in Hong Kong from April 2006 to June 2007 and as a property manager at Asian Property Investments Limited in Hong Kong from June 2007 to November 2008.

Mr. Lam graduated from the University of British Columbia in Vancouver, Canada with a bachelor's degree of arts in psychology in November 2004.

Mr. Chuk Kin Yuen (祝建原), aged 64, was appointed as an executive Director of the Company on 21 August 2017. He is primarily responsible for overseeing and planning of the Group's business strategies. He has been a director of Good Step Limited, one of the operating subsidiaries of the Group, since February 2013 and joined the Group on 20 October 2016, being the day on which Good Step Limited became part of the Group. He has been in charge of the management and operation of Ronin Central and Ronin Wanchai since their commencement of business. He is a member of nomination committee.

Mr. Chuk Kin Yuen has over 40 years of experience in the construction, engineering and property industry. Prior to joining the Group, he worked as an assistant engineer at Carter Semiconductors (HK) Limited in Hong Kong from July 1971 to March 1973. He worked as an electronic technician at Facit Addo Office Equipment Limited in Vancouver, Canada from August 1973 to December 1979. He worked as a project director at Sui Chong Construction and Engineering Company Limited in Hong Kong from March 1980 to July 1999 which he was responsible for the construction projects for both public and private sectors. He has been the director of Hing Fai Development (H.K.) Company Limited in Hong Kong since 1981 and has worked as the general manager since July 1999.

Mr. Chuk Kin Yuen studied electronic and communication engineering in the Far East Flying Training School in Hong Kong from 1968 to 1970.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chuk Kin Yuen is father of Mr. Chuk Stanley, the executive Director, and spouse of Mrs. Chuk Cheng Sau Mun, Winnie, a member of the senior management of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chian Yat Ping (錢一平), aged 52, was appointed as an independent non-executive Director on 23 January 2018. She is primarily responsible for supervising the Group's compliance and corporate governance matters and providing independent advice to the Board. She is the chairman of audit and risk management committee and a member of remuneration committee and nomination committee.

Ms. Chian has nearly 30 years of experience in auditing and management accounting. From January 1988 to October 1993, Ms. Chian was a supervisor at Margolin Winer & Evens LLP in New York, the United States and was responsible for providing litigation consulting, audit and tax services to corporations. She worked at Deloitte & Touche LLP (currently known as Deloitte Touche Tohmatsu LLP) in New York, the United States as a manager from October 1993 to December 1995. She served as the manager of project administration of New World Development Company Limited (HK stock code: 00017) from January 1996 and on September 1999, she was transferred to New World China Land Limited and worked until January 2001. From July 2001 to December 2010, she was the investor relations officer in the investment promotion department of Invest Hong Kong. From September 2006 to December 2009, she was an independent non-executive director of Xpress Group Limited (HK stock code: 00185, currently known as ZH International Holdings Limited). Since October 2011, she has been the chief executive officer of Worldwide Best Consulting Company in Hong Kong and is responsible for providing financial and management consulting services. She has also been a committee member of the 13th and 14th Chinese People's Political Consultative Conference of Changzhou.

Ms. Chian graduated from State University of New York in New York State, the United States with a bachelor's degree in science in December 1987. Ms. Chian has been a certified public accountant in the United States since March 1990. She has been a member of National Association of Accountants, American Institute of Certified Public Accountants and New York State Society of Certified Public Accountants in the United States since July 1990, July 1990 and January 1991, respectively. Ms. Chian has also been recognised by the Institute of Certified Management Accountants of the Institute of Management Accountants as a certified management accountant in the United States since February 1993. She has been an international affiliate of the Hong Kong Institute of Certified Public Accountants since February 2005. Ms. Chian qualified as an insurance intermediary and an MPF intermediary in Hong Kong in 2011.

Mr. Yew Tak Yun, Paul (姚德恩), aged 58, was appointed as an independent non-executive Director on 23 January 2018. He is primarily responsible for supervising the Group's compliance and corporate governance matters and providing independent advice to the Board. He is a member of audit and risk management committee, nomination committee and remuneration committee.

Mr. Yew has about 30 years of experience in architecture. He served at RSP Architects Planners & Engineers in Singapore as an architect from May 1987 to October 1988. Mr. Yew joined Arthur C. S. Kwok Architects & Associates Limited in Hong Kong as an architect in November 1988 and has been a deputy director since April 1997.

Mr. Yew graduated from The National University of Singapore in Singapore with a bachelor's degree of arts in architectural studies in June 1984 and a bachelor's degree of architecture in June 1987. He has been an associate member of Singapore Institute of Architects since September 1987. He has also been a member of The Hong Kong Institute of Architects since May 1990 and a registered architect as awarded by Architects Registration Board Hong Kong since 2003.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Kwok Ki, Stephen (陳國基), aged 45, was appointed as an independent non-executive Director on 23 January 2018. He is primarily responsible for supervising the Group's compliance and corporate governance matters and providing independent advice to the Board. He is the chairman of remuneration committee and a member of audit and risk management committee and nomination committee.

Mr. Chan has about 20 years of experience in business administration. He served as a sales and marketing manager from August 1997 to September 2007 and has been a general manager since August 2007 at Lee Tack Plastic & Metal Manufactory Limited. Since November 2014, he has worked as the chief executive officer of Sanki Pioneer Limited, a company principally engaged in trading and distribution of stationery and lifestyle products in Asian and European markets.

Mr. Chan graduated from McGill University in Canada with a bachelor's degree in commerce in June 1997. He also obtained a master's degree in business administration from Hong Kong Baptist University in November 2007.

SENIOR MANAGEMENT

For detailed biographies of **Mr. Chuk Stanley (祝嘉輝)** and **Mr. Lam Ka Wong, Johnson (林家煌)**, please see "Executive Directors" above in this section.

Mr. Chu Pui Ki, Dickson (朱沛祺), aged 33, was appointed as the company secretary of the Company on 22 June 2017 and the financial controller of the Group with effect from 21 August 2017. Mr. Chu is primarily responsible for overseeing the company secretarial affairs and the financial matters of the Group.

Mr. Chu has nearly 10 years of relevant experience in accounting and auditing working and has experience in tax and internal control matters. Since April 2017, Mr. Chu has served as a director of a Singapore private company that principally engages in business and management consultancy services. He worked at Cheng and Cheng Limited, an accounting firm that serves both private and publicly listed companies in Hong Kong, from January 2013 to March 2017 and his last position was audit manager. He was an accounting manager of Creation Chance Limited, a subsidiary of RM Group Holdings Limited (HK stock code: 00932), from August 2010 to January 2013. He served at CCIF CPA Limited, a Hong Kong accounting firm, from February 2008 to April 2010 and his last position was a senior auditor.

Mr. Chu graduated from the Hong Kong Baptist University in Hong Kong with a bachelor's degree of business administration in accounting in November 2006 and he has been a member of Hong Kong Institute of Certified Public Accountants since February 2011.

Mr. Ma Tat Cheong (馬達昌), aged 56, was appointed as the senior manager of the Group with effect from April 2012. He is primarily responsible for overseeing the general operation of our restaurants, coordinating the promotion of our offerings and monitoring food safety and quality. Mr. Ma has served at the Group for nearly 10 years. He joined the Group as a manager in February 2008.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Chi Hung (黃志雄), aged 48, was appointed as the head chef of the Group with effect from March 2009. He is primarily responsible for overseeing food quality control, inventory and kitchen staff. Mr. Wong has served at the Group for nearly 10 years. He joined the Group as a sous chef in February 2008.

Mrs. Chuk Cheng Sau Mun, Winnie (祝鄭秀滿) (formerly known as Cheng Sau Mun (鄭秀滿)), aged 47, was appointed as the administrative manager of Good Step Limited on 30 August 2017. She is primarily responsible for the general administration matter of Good Step Limited. She joined Good Step Limited, one of the operating subsidiaries of the Group, as the operational and finance manager in January 2014 and joined the Group on 20 October 2016, being the day on which Good Step Limited became part of the Group.

Mrs. Chuk has nearly 20 years of experience in the property industry. From December 1988 to February 1995, she worked at Hong Kong Telecommunications Limited and her last position was a customer service representative of the customer front office. She served as a tour counter saleslady at Gray Line Tours of Hong Kong Limited during the period of November 1995 to May 1996 and a tour guide in the operations department of Holiday World Tours Limited from September 1996 to February 1997. She worked as a senior property consultant of Midland Realty (Strategic) Limited from October 1998 to April 2004. Since May 2004, she has served as a property and officer manager of Hing Fai Development (H.K.) Company Limited and has been responsible for overseeing its property portfolio.

Mrs. Chuk attended at S.K.H. Holy Trinity Church Secondary School in Hong Kong from September 1983 to July 1988.

Mrs. Chuk is spouse of Mr. Chuk Kin Yuen, the executive Director.

REPORT OF DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in the operation of full-service restaurants under our self-owned brands in Hong Kong. Analysis of the principal activities of the Group during the year ended 31 March 2018 is set out in the note 33 to the consolidated financial statements.

BUSINESS REVIEW

Details of business review are set out in the section headed "Management Discussion and Analysis" on page 6 of this annual report. An analysis using financial key performance indicators can be found in the section headed "Management Discussion and Analysis" on pages 6 to 11 of this annual report.

SEGMENT INFORMATION

The Group's operating and reportable segments are (i) Sichuanese and Cantonese cuisine under the "San Xi Lou (三希樓)" brand; (ii) vegetarian cuisine under the "Pure Veggie House (心齋)" brand; (iii) Japanese cuisine under Ronin Central; and (iv) Japanese cuisine under Ronin Wanchai. Information reported to the chief operating decision maker for the purpose of resources allocation and performance assessment focuses on different restaurants of the Group.

The Group's revenue is all derived from Hong Kong based on the location of goods delivered and services provided. All of the Group's non-current assets are also located in Hong Kong by physical location of assets. Accordingly, no analysis by geographical segment is provided.

RESULTS

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 45 of this annual report.

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: nil).

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last three financial years is set out on page 96 of this annual report. This summary does not form part of the audited consolidated financial statements.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Share Offer (after deducting underwriting fees and related expenses) amounted to approximately HK$42.3 million, which are intended to be applied in the manner as disclosed in the Prospectus. For details, please refer to the section headed "Management Discussion and Analysis — Use of proceeds" on page 8 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

Due to the nature of our business, the majority of our customers consist of retail customers from the general public. As such, the Directors consider that it is not practicable to identify the five largest customers of the Group for the year ended 31 March 2018 and we did not rely on any single customer during the year. For instance, none of our customers accounted for 5% or more of our revenue for the year ended 31 March 2018.

Major Suppliers

For the year ended 31 March 2018, the Group's five largest suppliers accounted for approximately 44.9% (2017: approximately 61.4%) of the Group's total purchases and our single largest supplier accounted for approximately 13.0% (2017: approximately 20.4%) of the Group's total purchases.

During the year ended 31 March 2018, none of the Directors or any of their close associates or any shareholders of the Company (the "**Shareholders**") (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in any of the Group's five largest suppliers as identified above.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Company and the Group during the year ended 31 March 2018 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2018 are set out in note 23 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 March 2018 are set out in note 32 to the consolidated financial statements and the consolidated statement of changes in equity on page 48 respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company's reserves available for distribution amounted to approximately HK$41.7 million (2017: HK$8.1 million) as calculated base on the Company's share premium less accumulated losses.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2018 are set out in note 20 to the consolidated financial statements.

REPORT OF DIRECTORS

DIRECTORS

The Directors during the year ended 31 March 2018 and up to the date of this annual report are:

Executive Directors

Mr. Chuk Stanley *(Chairman and Chief Executive Officer) (re-designated as executive Director on 21 August 2017)*
Mr. Lam Ka Wong, Johnson *(Chief Operating Officer) (appointed as executive Director on 21 August 2017)*
Mr. Chuk Kin Yuen *(appointed as executive Director on 21 August 2017)*

Independent Non-executive Directors

Ms. Chian Yat Ping *(appointed as independent non-executive Director on 23 January 2018)*
Mr. Yew Tak Yun, Paul *(appointed as independent non-executive Director on 23 January 2018)*
Mr. Chan Kwok Ki, Stephen *(appointed as independent non-executive Director on 23 January 2018)*

In accordance with article 109 of the articles of association of the Company (the "**Articles of Association**"), one-third of the Directors shall retire from office by rotation and be eligible for re-election at each annual general meeting provided that every Director shall retire at least once every three years.

In accordance with article 113 of the Articles of Association, any Director appointed to fill a casual vacancy by the Board shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting, or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Accordingly, all of the Directors shall retire at the forthcoming annual general meeting to be held on 22 August 2018 (the "**AGM**"). All of the above retiring Directors, being eligible, will offer themselves for re-election at the AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders dated 29 June 2018.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 12 to 15 of this annual report.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Upon specific enquiry by the Company, save as disclosed in the section headed "Directors and Senior Management" in this annual report, there was no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules since the Listing Date.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the period from the Listing Date to 31 March 2018 (the "**Relevant Period**") and remain so as at the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has signed a service contract with the Company for a term of three years commencing from the Listing Date and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other party not less than three months' prior notice in writing.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years commencing from the Listing Date, which may be renewable subject to both parties' agreement.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as those interests set out in note 29 to the consolidated financial statements and the transactions as set out in the paragraphs under "Continuing connected transactions" below, (i) no other Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party, (ii) there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries, and (iii) there was no contract of significance between the Company or one of its subsidiaries and a controlling shareholder or any of its subsidiaries, during the Relevant Period and up to the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Relevant Period and up to the date of this annual report.

EMPLOYEES AND REMUNERATION POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

As at 31 March 2018, the total number of full time and casual or part time employees of the Group was 229 (2017: 157). Total staff costs (including Directors' emoluments) were approximately HK$41.3 million for the year ended 31 March 2018 (2017: approximately HK$28.4 million). Details of the emoluments of the Directors, and five highest paid individuals during the year ended 31 March 2018 are set out in note 7 to the consolidated financial statements.

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. The Group continues to offer competitive remuneration packages and bonus to eligible staff, based on the performance of the Group and the individual employee.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

The Group has also adopted other employee benefit including a provident fund scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance. Details of such scheme are set out in note 25 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

(i) Interests and short positions in the Shares, underlying shares and debentures of the Company

Name	Capacity/Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in the Company (%)
Mr. Chuk Stanley ("**Mr. Stanley Chuk**")	Interest in controlled corporation (Note 1)	486,720,000	Long	60.84%
Mr. Chuk Kin Yuen ("**Mr. KY Chuk**")	Interest in controlled corporation (Note 2)	56,640,000	Long	7.08%

Notes:

(1) 486,720,000 Shares were held by JSS Group Corporation ("**JSS Group**"), which is wholly owned by Mr. Stanley Chuk. As such, Mr. Stanley Chuk was deemed to be interested in all the shares held by JSS Group pursuant to Part XV of the SFO.

(2) 56,640,000 Shares were held by J & W Group Limited ("**J & W Group**"), which is wholly owned by Mr. KY Chuk. As such, Mr. KY Chuk was deemed to be interested in all the shares held by J & W Group pursuant to Part XV of the SFO.

(ii) Interests and short positions in the shares, underlying shares and debentures of associated corporations

Name	Name of Associated Corporation	Capacity/Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in Associated Corporation (%)
Mr. Stanley Chuk	JSS Group	Beneficial owner	1,000	Long	100%
Mr. KY Chuk	J & W Group	Beneficial owner	1	Long	100%

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Relevant Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL AND OTHER SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2018, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Long/Short Position	Approximate Percentage of Shareholding in the Company (%)
JSS Group	Beneficial owner	486,720,000	Long	60.84%
J & W Group	Beneficial owner	56,640,000	Long	7.08%
Mrs. Chuk Cheng Sau Mun, Winnie	Interest of spouse (Note 1)	56,640,000	Long	7.08%
Oxlo Corporation ("**Oxlo**")	Beneficial owner (Note 2)	56,640,000	Long	7.08%
Mr. Chuk Chon Fai, Steve ("**Mr. Steve Chuk**")	Interest in controlled corporation (Note 2)	56,640,000	Long	7.08%

Notes:

(1) Mrs. Chuk Cheng Sau Mun, Winnie, being the spouse of Mr. KY Chuk, was deemed to be interested in the same number of Shares held by Mr. KY Chuk.

(2) 56,640,000 Shares were held by Oxlo, which is wholly owned by Mr. Steve Chuk. As such, Mr. Steve Chuk was deemed to be interested in all the Shares held by Oxlo pursuant to Part XV of the SFO.

Save as disclosed above, as at 31 March 2018, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

EQUITY-LINKED AGREEMENTS

No equity-linked agreement that would or might result in the Company issuing shares, or that requiring the Company to enter into an agreement that would or might result in the Company issuing shares, was entered into by the Company during the Relevant Period or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Relevant Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands that would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

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

NON-COMPETITION UNDERTAKING

Pursuant to the deed of non-competition dated 29 January 2018 ("**Deed of Non-competition**") entered into by Mr. Stanley Chuk and JSS Group (collectively, the "**Controlling Shareholders**"), Mr. KY Chuk, J & W Group, Mr. Steve Chuk and Oxlo (collectively, the "**Covenantors**"), each of the Covenantors has irrevocably undertaken to the Company (for itself and as trustee for each of its subsidiaries from time to time) that he/it shall not, and shall procure that his/its close associates (except any members of the Group) would not, during the restricted period, directly or indirectly, either on his/its own account, in conjunction with, on behalf of, or through any person, firm or company, among other things, carry on, participate or be interested, engaged or otherwise involved in or acquire or hold any right or interest in (in each case whether as a shareholder, partner, agent or otherwise, and whether for profit, reward or otherwise) any business which is or may be in competition with the business currently carried on or contemplated to be carried on by any member of the Group (the "**Restricted Business**"). For details of the Deed of Non-competition, please refer to the section headed "Relationship with the Controlling Shareholders" in the Prospectus.

The Company has received confirmations from the Covenants confirming their compliance with the Deed of Non-competition during the Relevant Period for disclosure in this report.

The independent non-executive Directors have reviewed the compliance with the Deed of Non-competition during the Relevant Period based on the information and confirmation provided by or obtained from the Covenantors, and were satisfied that the Covenantors have duly complied with the Deed of Non-competition.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Relevant Period, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) had engaged in or had any interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Tenancy Agreement between the Group and Charm Region

On 1 January 2018, Good Step Limited ("**Good Step**"), as tenant, entered into a tenancy agreement (the "**Tenancy Agreement**") with Charm Region Limited ("**Charm Region**"), as landlord, in respect of the premises (the "**Premises**") for use by the Group to operate Ronin Wanchai. A summary of the terms of the Tenancy Agreement is set out below:

Landlord	:	Charm Region
Tenant	:	Good Step
Premises	:	2A, 2nd Floor, Capital Building, 175–191 Lockhart Road, Wan Chai, Hong Kong
Term of lease	:	From 1 January 2018 to 31 March 2020
Monthly rental	:	HK$200,000 (excluding government rates, utilities, management fees and other outgoings) during the period from 1 January 2018 to 30 September 2018, and HK$250,000 (excluding government rates, utilities, management fees and other outgoings) during the period from 1 October 2018 to 31 March 2020 with two rent-free months in October 2018 and October 2019
Renewal rights	:	Good Step shall have the right to renew the lease for three additional years from 1 April 2020 at the prevailing market rent provided that the increase in monthly rental shall be no more than 25%
Use	:	Restaurant

The annual caps under the Tenancy Agreement are HK$0.6 million, HK$2.45 million and HK$2.75 million for the period from 1 January 2018 to 31 March 2018 and for the two years ending 31 March 2020, respectively. Since the commencement of the Tenancy Agreement, the aggregate rental paid by Good Step to Charm Region for the Premises was approximately HK$0.6 million.

Charm Region is owned as to 50% by Mr. KY Chuk and 50% by Mr. Steve Chuk. Mr. KY Chuk is a Director, and Mr. Steve Chuk is son of Mr. KY Chuk and elder brother of Mr. Stanley Chuk, who are both Directors. As such, Charm Region is a connected person of the Company under the GEM Listing Rules. Accordingly, the Tenancy Agreement falls under the definition of continuing connected transaction under Chapter 20 of the GEM Listing Rules, and also constitutes a related party transaction of the Group as disclosed on page 91 of this annual report. The Group has complied with applicable disclosure requirements under Chapter 20 of the GEM Listing Rules in respect of such continuing connected transaction.

The independent non-executive Directors have reviewed these transactions and confirmed that the continuing connected transaction, has been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 20.54 of the GEM Listing Rules, the Directors engaged the auditor of the Company to perform certain work on the above continuing connected transaction(s) in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has provided a letter to the Directors and confirmed that, for the year ended 31 March 2018:

a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transaction(s) have not been approved by the Board;

b. for transaction(s) involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transaction(s) were not, in all material respects, in accordance with the pricing policies of the Group;

c. nothing has come to their attention that causes them to believe that the transaction(s) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

d. with respect to the aggregate amount of each of the continuing connected transaction(s) set out the continuing connected transaction(s), nothing has come to their attention that causes them to believe that the disclosed continuing connected transaction(s) have exceeded the annual cap as set by the Company and as disclosed in the Prospectus.

This related party transaction as disclosed in note 29 to the consolidated financial statements constituted connected transactions or continuing connected transactions of the Company as defined in Chapter 20 of the GEM Listing Rules and are in compliance with the disclosure requirements under Chapter 20 of the GEM Listing Rules.

Save as disclosed in this annual report, during the Relevant Period, the Company had no connected transactions or continuing connected transactions which would fall to be disclosed in accordance with the provisions under Chapter 20 of the GEM Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

DONATIONS

During the year ended 31 March 2018, the charitable and other donations made by the Group amounted to approximately HK$8,000.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 March 2018, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to providing an environmental friendly culture and atmosphere within the Group. The Group has undertaken environmental protection measures such as (i) reduction of use of papers; (ii) minimisation of electricity consumption outside business hours; and (iii) recycling of waste cooking oil. As a responsible corporation, to the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection during the year ended 31 March 2018. A separate environmental, social and governance report is expected to be published on the website of the Stock Exchange and the Company no later than three months after the publication of this report.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands that the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and has been in force since 13 February 2018. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against the Directors.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, 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.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the Company (the "**Audit and Risk Management Committee**") had, together with the management and external auditor of the Company (the "**Auditor**"), reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 March 2018.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 28 to 40 of this annual report.

The compliance officer and company secretary of the Company are Mr. Chuk Stanley and Mr. Chu Pui Ki, Dickson, respectively. Their biographical details are set out on pages 12 and 14 of this annual report.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, CLC International Limited ("**CLC**"), except for the compliance adviser agreement entered into between the Company and CLC dated 30 January 2018, neither CLC nor its directors, employees or close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the GEM Listing Rules, was held by the public at all times during the Relevant Period and as at the date of this annual report.

AUDITOR

There has been no change in the Auditor since the Listing Date and Deloitte Touche Tohmatsu was appointed as the Auditor for the year ended 31 March 2018. The accompanying financial statements prepared in accordance with HKFRSs have been audited by Deloitte Touche Tohmatsu.

Deloitte Touche Tohmatsu shall retire at the AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as the Auditor for the year ending 31 March 2019 will be proposed at the AGM.

PUBLICATION OF INFORMATION ON WEBSITES

This annual report is available for viewing on the website of Stock Exchange at www.hkexnews.hk and on the website of the Company at topstandard.com.hk.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the AGM, the register of members of the Company will be closed from 17 August 2018 to 22 August 2018, both days inclusive, during which period no transfer of the shares will be registered. To be eligible to attend the AGM, shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on 16 August 2018.

On behalf of the Board

Chuk Stanley
Chairman and Executive Director

Hong Kong, 22 June 2018

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the Relevant Period.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under the CG Code throughout the Relevant Period save for code provision A.2.1. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit and Risk Management Committee, the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

As at the date of this annual report, the Board comprised three executive Directors and three independent non-executive Directors:

Executive Directors:
Mr. Chuk Stanley *(Chairman and Chief Executive Officer)*
Mr. Lam Ka Wong, Johnson *(Chief Operating Officer)*
Mr. Chuk Kin Yuen

Independent Non-executive Directors:
Ms. Chian Yat Ping
Mr. Yew Tak Yun, Paul
Mr. Chan Kwok Ki, Stephen

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the Relevant Period, the Board has met at all times the requirements under Rules 5.05(1) and 5.05(2) of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 5.05A of the GEM Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy to ensure that the Company will, when determining the composition of the Board, consider board diversity in terms of, among other things, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. Pursuant to code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. On 23 January 2018, the Board adopted a board diversity policy, a summary of which is set out below:

1. In considering the composition of the Board, the Board is of the view that diversity can be considered from a number of perspectives, including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

2. The above perspectives shall be taken into account in determining the optimal composition of the Board and where possible, should be balanced among one another as appropriate.

3. Appointments to the Board should be made based on merits and the contributions that the individual is expected to bring to the Board, with due regard to the benefits of diversity in the Board.

4. The Nomination Committee shall review the board diversity policy and make recommendations to the Board on amendments to the board diversity policy (if any) as appropriate.

As each of the independent non-executive Directors has confirmed his independence pursuant to Rule 5.09 of the GEM Listing Rules, the Company considers all of them to be independent parties.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the issuer, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under relevant statues, laws, rules and regulations. The Company also provides regular updates on latest development and changes in the GEM Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company will continue to arrange training to the Directors in accordance with code provision A.6.5 of the CG Code.

According to the information provided by the Directors, a summary of training received by the Directors during the year ended 31 March 2018 is as follows:

Name of Directors	Nature of Continuous Professional Development Programmes (Notes)
Executive Directors	
Mr. Chuk Stanley	A, B, C and D
Mr. Lam Ka Wong, Johnson	A, B, C and D
Mr. Chuk Kin Yuen	A, B and C
Independent Non-executive Directors	
Ms. Chian Yat Ping	A, B and C
Mr. Yew Tak Yun, Paul	A, B and C
Mr. Chan Kwok Ki, Stephen	A, B and C

Notes:

A: Attending seminars and/or meetings and/or forums and/or briefings

B: Attending training relevant to the Company's business conducted by lawyers and compliance advisor

C: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

D: Attending extend training courses/seminars in relation to new changes to licensing laws and regulations that affect the catering industry

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

Mr. Stanley Chuk is the chairman and the chief executive officer of the Company. In view of Mr. Stanley Chuk being a founder of the Group and has been operating the main operating subsidiaries of the Company, the Board believes that it is in the best interest of the Group to have Mr. Stanley Chuk taking up both roles for effective operational management and strategic business development. Further, the Board believes that both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Stanley Chuk is the most suitable person to occupy both positions for the Group and facilitating the implementation and execution of the Group's business strategy as disclosed in the Prospectus. Therefore, the Directors consider that the deviation from code provision A.2.1 of the CG Code is appropriate, and Mr. Stanley Chuk being the chairman and the chief executive officer can preserve and enhance the philosophies of the Group, preserve the leadership direction of the Group, and allow an efficient discharge of the executive functions of the chief executive as the decision maker. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises individuals with diverse professional backgrounds and experiences including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

Appointment and Re-election of Directors

Each of the executive Directors has signed a service contract with the Company for a term of three years commencing from the Listing Date and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other party not less than three months' prior notice in writing.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years commencing from the Listing Date, which may be renewable subject to both parties' agreement.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board or Board Committees prior to the meeting. Minutes of meetings are kept by the company secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

As the Company was listed on 13 February 2018, only one Board meeting was held during the Relevant Period. All of the Directors, except Mr. Yew Tak Yun, Paul, attended the said Board meeting. Subsequent to the end of the Relevant Period and up to the date of this annual report, one Board meeting with all Directors present was held.

Required Standard of Dealings for Securities Transactions

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings during the Relevant Period.

The Company has also adopted its own code of conduct regarding employees' securities transactions with reference to the required standard of dealings for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Group's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the Group.

Corporate Governance Function

The Board recognises that corporate governance should be the collective responsibility of the Directors, which includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on such matters;

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

BOARD COMMITTEES

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three members, namely Ms. Chian Yat Ping (chairman), Mr. Yew Tak Yun, Paul and Mr. Chan Kwok Ki, Stephen, all of them are independent non-executive Directors.

The principal duties of the Audit and Risk Management Committee include the following:

1. to monitor the compliance with the laws and regulations that are applicable to the operations of the Group;

2. to review the report and findings submitted by the internal control consultant to ensure the effectiveness of our regulatory compliance procedures and system;

3. to review and monitor the financial reporting process, the risk management procedures as well as internal control system;

4. to review financial information; and

5. to consider issues relating to the external auditors and their appointment.

The written terms of reference of the Audit and Risk Management Committee are available on the websites of the Stock Exchange and the Company.

As the Company was listed on 13 February 2018, only one meeting was held by the Audit and Risk Management Committee during the Relevant Period, in which the Audit and Risk Management Committee, among other things, reviewed the third quarterly results of the Group for the nine months ended 31 December 2017 as well as the quarterly report prepared. All members of the Audit and Risk Management Committee, except Mr. Yew Tak Yun, Paul, attended the said meeting. Subsequent to the end of the Relevant Period and up to the date of this annual report, a meeting of the Audit and Risk Management Committee was held in which the Audit and Risk Management Committee, among other things, reviewed and considered the consolidated financial statements of the Group for the year ended 31 March 2018 and recommended the re-appointment of the Auditor. All members of the Audit and Risk Management Committee attended the said meeting.

The Company will comply with the CG Code to hold at least four meetings of the Audit and Risk Management Committee annually for the year ending 31 March 2019 onwards.

Nomination Committee

The Nomination Committee currently comprises five members, namely Mr. Chuk Stanley (executive Director), Mr. Chuk Kin Yuen (executive Director), Ms. Chian Yat Ping (independent non-executive Director), Mr. Yew Tak Yun, Paul (independent non-executive Director) and Mr. Chan Kwok Ki, Stephen (independent non-executive Director). Mr. Chuk Stanley is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to assess the independence of independent non-executive Directors; and

4. to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairman of the Board and the executive director.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

As the Company was listed on 13 February 2018, no meeting was held by the Nomination Committee during the Relevant Period. Subsequent to the end of the Relevant Period and up to the date of this annual report, one meeting of the Nomination Committee was held in which the Nomination Committee, among other things, (i) reviewed and considered that the structure, size and composition of the Board are appropriate, (ii) assessed the independence of independent non-executive Directors, and (iii) recommended the re-appointments of Directors. All members of the Nomination Committee attended the said meeting.

Remuneration Committee

The Remuneration Committee comprises four members, namely Mr. Chuk Stanley (executive Director), Ms. Chian Yat Ping (independent non-executive Director), Mr. Yew Tak Yun, Paul (independent non-executive Director) and Mr. Chan Kwok Ki, Stephen (independent non-executive Director). Mr. Chan Kwok Ki, Stephen is the chairman of the Remuneration Committee.

The principal duties of the Remuneration Committee include the following:

1. to make recommendations to the Board on the Company's overall policy and structure for the remuneration of the Directors and senior management and establish a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the Board's goals and objectives;

3. as the Board shall direct, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. These include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive Directors;

5. to consider salaries paid by comparable companies in the industry in which the Company operates, time commitment and responsibilities and employment conditions elsewhere in the Group;

6. to review and approve compensation payable to Directors (executive, non-executive or independent non-executive), executive officers and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and in line with market practice;

7. to review and approve compensation arrangements relating to dismissal or removal of Directors (executive, non-executive or independent non-executive) for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

8. to ensure that no Director or any of his associates (as defined in the GEM Listing Rules) is involved in deciding his own remuneration.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

As the Company was listed on 13 February 2018, no meeting was held by the Remuneration Committee during the Relevant Period. However, subsequent to the end of the Relevant Period and up to the date of this annual report, a meeting of the Remuneration Committee was held in which the Remuneration Committee, among other things, discussed and reviewed the remuneration packages for the Directors and senior management of the Company, and made recommendations to the Board on the remuneration packages of individual Directors and senior management. All members of the Remuneration Committee attended the said meeting.

Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the Board and senior management of the Company, whose biographies are set out on pages 12 to 15 of this annual report, for the year ended 31 March 2018 are set out below:

Remuneration band(s)	Number of individuals
Nil to HK$1,000,000	10

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 March 2018 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

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

The statement by the Auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 41 to 44 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

Responsibility

Our Board of Directors has the overall responsibility to ensure that sound and effective risk management and internal control systems are maintained, while management is responsible for designing and implementing risk management and internal control systems to manage risks. Sound and effective systems of risk management and internal control are designed to identify and manage the risk of failure to achieve business objectives.

Risk Management and Internal Controls Framework

The Audit and Risk Management Committee shall be responsible for monitoring compliance with the laws and regulations that are applicable to the operation of the Group, as well as assessing the adequacy and effectiveness of the Group's regulatory compliance procedures and system. Other than reviewing and monitoring our financial reporting process and the risk management procedures, our Audit and Risk Management Committee shall, on an annual basis:

(a) review the reports and findings submitted by the internal control consultant to ensure the effectiveness of our regulatory compliance procedures and system;

(b) advise the Board on the adoption of the recommendation (if any) proposed by the internal control consultant;

(c) assess and review the adequacy of resources and training provided to our management and staff in relation to our regulatory compliance functions; and

(d) receive the recommendations and reports of the Group's internal audit function, review and approve the organisation, responsibilities, plans, results, budget and resources of the internal audit team to ensure the quality of the Group's internal control measures are maintained.

The Audit and Risk Management Committee shall also supervise the Group's internal audit team in handling actual or potential non-compliance matters (if any).

Risk Management

The Group has established a risk management policy and formal risk assessment system. The Group's risk management framework comprises the following key elements:

1. Identify risks;

2. Analyse risks;

3. Evaluate risks; and

4. Treat risks.

Senior management identifies the key risks that potentially impact the key business processes of their operations on an annual basis. The identified risks are analysed and evaluated using established risk assessment criteria which include appropriate qualitative and quantitative techniques, these identified risks are scored based on their likelihood of occurring and the impact on business should they occur. Such risk evaluation system helps to rank the risks and to prioritise risk management efforts to determine the appropriate risk mitigation plans (i.e. accept, reduce, transfer and avoid). Results of the annual risk assessment are reported to the Audit and Risk Management Committee, including the significant risks of the Group and the associated control activities to mitigate or transfer the identified risks. The risk assessment results indicated limited changes in the nature and extent of significant risks identified by the Group since the Listing Date. To provide assurance over the effectiveness of the risk mitigating controls, the Group has formulated a risk-based, 3-year internal audit plan which covers the identified risk mitigating controls and key business processes of the Group.

Internal Controls

The Group has established policies and procedures including defined levels of responsibilities and reporting lines. Controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are identified and assessed.

To assist the Audit and Risk Management Committee in discharging its duties, the Company has engaged an internal control consultant to conduct an annual review on the adequacy and effectiveness of the Group's internal control system in respect of its compliance with licensing laws and regulations in Hong Kong for each financial year and submit a report. In particular, the internal control consultant shall set out in its report regarding the Group's compliance status with the applicable laws and regulations for the Group's licensing matters and the effectiveness of the Group's internal control system in ensuring the Group's compliance with the applicable licensing requirements for its restaurants. No material deficiency was noted by the internal control consultant regarding licensing matters of the Group during the year ended 31 March 2018.

The Group has established an independent internal audit function, which is headed by the company secretary and financial controller and supported by the head of the Group's accounting department. The internal audit function shall be responsible for implementing and supervising the Group's internal control system, reporting to the Directors at least annually on the effectiveness of the Group's internal control system, and devising any improvements needed to the Group's internal control system. In carrying out its duties, the Group's internal audit team shall receive reports from the Group's management team and its employees regarding any actual or potential non-compliance, report such non-compliance matters to the Group's Audit and Risk Management Committee, where appropriate, and make recommendation to the Audit and Risk Management Committee and/or the Board for rectifying such non-compliances. The Group has also engaged an external consultant to assist in its internal audit efforts in the coming financial year.

Review of Risk Management and Internal Control Systems

In respect of the year ended 31 March 2018, the Board conducted a review of the effectiveness of the risk management and internal control systems and considers the systems to be effective and adequate. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group have been identified. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. A review on the risk management and internal control systems will be conducted on an annual basis.

During the review, the Board also considered the resources, qualification/experience of staff of the Group's internal control, accounting and financial reporting function, and their training and budget to be adequate.

Disclosure of Inside Information

The Group is aware of its obligation of handling and dissemination of inside information under the GEM Listing Rules and the SFO. The Group has established an inside information management policy for identifying, monitoring and reporting inside information to our shareholders, investors, analysts and media. The internal policy is updated whenever required and adopted accordingly to guide its stakeholder communications and the determination of inside information in order to ensure consistent and timely disclosure. The Group conducts its affairs in accordance with 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 in June 2012.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company on their reporting responsibilities and opinion on the Group's consolidated financial statements for the year ended 31 March 2018 is set out in the section headed "Independent Auditor's Report" in this annual report.

The Audit and Risk Management Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

There was no disagreement between the Board and the Audit and Risk Management Committee on the selection and appointment of the external auditors for the year ended 31 March 2018.

The remuneration for the audit and non-audit services provided by the Auditor to the Group during the year ended 31 March 2018 was approximately as follows:

Type of Services	Amount (HK$'000)
Audit services	850
Non-audit services related to acting as reporting accountant for listing purpose	3,200
Non-audit services related to agreed-upon procedures with respect to the preliminary announcement of results of the Group	25
Non-audit services related to auditor's letter on continuing connected transaction entered into by the Group	25
Total	4,100

COMPANY SECRETARY

Mr. Chu Pui Ki, Dickson, the company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

During the year ended 31 March 2018, Mr. Chu has undertaken not less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The annual general meeting of the Company provides opportunity for the Shareholders to communicate directly with the Directors. The chairman of the Board and the chairmen of the Board Committees will attend the annual general meetings to answer Shareholders' questions. The Auditor will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at topstandard.com.hk, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

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

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company by mail to 4th Floor, Coda Plaza, 51 Garden Road, Central, Hong Kong or by email via ir@topstandard.com.hk. Share registration matters shall be handled for the Shareholders by the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company have been amended and restated with effect from the Listing Date. There was no change on the memorandum and articles of association of the Company during the Relevant Period.

CONCLUSION

The Company believes that good corporate governance could ensure an effective distribution of the resources and shareholders' interests. The senior management will continue endeavors in maintaining, enhancing and increasing the Group's corporate governance level and quality.

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF TOP STANDARD CORPORATION
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Top Standard Corporation (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 45 to 95, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Revenue from catering services of the Group's restaurant operations	
We identified revenue from catering services of the Group's restaurant operations as a key audit matter due to its significant amount to the consolidated statement of profit or loss and other comprehensive income. The accounting policy for revenue recognition in relation to revenue from catering services of the Group's restaurant operations is disclosed in note 4 to the consolidated financial statements. For the year ended 31 March 2018, revenue from catering services of the Group's restaurant operations amounted to HK$115,426,000 with details set out in note 6 to the consolidated financial statements. The vast majority of revenue was relied on information system and was settled in cash or by credit card.	Our procedures in relation to revenue from catering services of the Group's restaurant operations included: • Obtaining an understanding of the Group's revenue recognition policy for catering services of the Group's restaurant operations; • Obtaining an understanding of the revenue business process and key controls, and testing of the key manual and information technology controls in relation to revenue from catering services of the Group's restaurant operations with the involvement of our internal information technology specialist; • Checking the revenue from catering services of the Group's restaurant operations, on a sample basis, to daily sales reports and cash receipts and credit card settlements; and • Using data analytic tools to identify the unusual patterns of revenue from catering services of the Group's restaurant operations, and obtaining and assessing the reasonableness of management's explanation for the unusual patterns identified, if any.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Chau Chi Ka.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	6	**116,142**	79,951
Other income		**42**	1
Raw materials and consumables used		**(34,677)**	(19,542)
Staff costs		**(41,324)**	(28,401)
Depreciation		**(5,687)**	(2,988)
Rental and related expenses		**(23,569)**	(10,437)
Utilities expenses		**(5,311)**	(3,510)
Listing expenses		**(17,961)**	–
Other expenses		**(7,720)**	(4,404)
Finance costs	8	**(651)**	(206)
(Loss) profit before taxation	9	**(20,716)**	10,464
Income tax expense	10	**(1,178)**	(2,131)
(Loss) profit and total comprehensive (expense) income for the year		**(21,894)**	8,333
(Loss) profit and total comprehensive (expense) income for the year attributable to			
— owners of the Company		**(21,894)**	7,406
— non-controlling interests		**–**	927
		(21,894)	8,333
(Loss) earnings per share			
Basic (HK cents)	12	**(3.50)**	1.50

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property and equipment	13	**23,092**	12,674
Deposits	16	**7,590**	4,055
Deposits for acquisition of property and equipment		**–**	180
Deferred tax assets	14	**432**	279
		31,114	17,188
Current assets			
Inventories	15	**648**	468
Trade receivables, deposits and prepayments	16	**4,688**	1,462
Amounts due from related parties/former related parties	19	**–**	19,753
Tax recoverable		**559**	21
Bank balances and cash	17	**52,127**	1,352
		58,022	23,056
Current liabilities			
Trade and other payables and accruals	18	**16,294**	7,738
Amounts due to related parties	19	**–**	895
Tax payable		**–**	550
Bank borrowings	20	**21,740**	18,857
Obligation under finance lease	21	**53**	49
		38,087	28,089
Net current assets (liabilities)		**19,935**	(5,033)
Total assets less current liabilities		**51,049**	12,155

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Obligation under finance lease	21	**140**	193
Provision	22	**960**	460
Deferred tax liabilities	14	**109**	–
		1,209	653
Net assets		**49,840**	11,502
Capital and reserves			
Share capital	23	**8,000**	–
Reserves		**41,840**	11,502
Equity attributable to owners of the Company		**49,840**	11,502

The consolidated financial statements on pages 45 to 95 were approved and authorised for issue by the Board of Directors on 22 June 2018 and are signed on its behalf by:

CHUK STANLEY
DIRECTOR

CHUK KIN YUEN
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (note)	Accumulated profits (losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2016	1,625	–	–	2,338	3,963	2,134	6,097
Profit and total comprehensive income for the year	–	–	–	7,406	7,406	927	8,333
Dividends declared (note 11)	–	–	–	(11,000)	(11,000)	–	(11,000)
Issue of shares (note 2(ix) and 23)	–	8,072	–	–	8,072	–	8,072
Transfer upon group reorganisation (note 2(vi) and 2(viii))	(1,625)	–	1,625	–	–	–	–
Shareholder's contribution upon the group reorganisation (note 2(viii))	–	–	3,061	–	3,061	(3,061)	–
At 31 March 2017	**–**	**8,072**	**4,686**	**(1,256)**	**11,502**	**–**	**11,502**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**(21,894)**	**(21,894)**	**–**	**(21,894)**
Issue of shares (note 23)	**2,000**	**68,000**	**–**	**–**	**70,000**	**–**	**70,000**
Capitalisation issue (note 23)	**6,000**	**(6,000)**	**–**	**–**	**–**	**–**	**–**
Transaction costs directly attributable to issue of shares	**–**	**(9,768)**	**–**	**–**	**(9,768)**	**–**	**(9,768)**
At 31 March 2018	**8,000**	**60,304**	**4,686**	**(23,150)**	**49,840**	**–**	**49,840**

Note: Other reserve represents the difference between the share capital of group entities and that of the Company issued pursuant to the group reorganisation and shareholder's contribution upon the group reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before taxation		**(20,716)**	10,464
Adjustments for:			
Depreciation		**5,687**	2,988
Finance costs		**651**	206
Operating cash flows before movements in working capital		**(14,378)**	13,658
Increase in inventories		**(180)**	(56)
Increase in trade receivables, deposits and prepayments		**(6,761)**	(1,488)
Decrease (increase) in amounts due from related parties/ former related parties		**3,141**	(1,835)
Increase in trade and other payables and accruals		**6,235**	426
Decrease in amounts due to related parties		**(324)**	(315)
Cash (used in) generated from operations		**(12,267)**	10,390
Hong Kong Profits Tax paid		**(2,310)**	(2,758)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(14,577)**	7,632
INVESTING ACTIVITIES			
Advance to related parties/former related parties		**(13,591)**	(34,154)
Repayment from related parties/former related parties		**30,203**	23,607
Acquisition of a subsidiary	26	**–**	1,101
Deposits paid for acquisition of property and equipment		**–**	(180)
Purchases of property and equipment		**(13,750)**	(352)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**2,862**	(9,978)
FINANCING ACTIVITIES			
Advance from related parties		**–**	8,952
Repayment to related parties		**(571)**	(6,259)
Repayment of obligation under finance lease		**(49)**	(28)
New borrowings raised		**23,136**	1,801
Repayment of bank borrowings		**(20,253)**	(3,283)
Interests paid		**(651)**	(206)
Proceeds from issue of shares		**70,000**	–
Transaction costs directly attributable to issue of shares paid		**(9,122)**	–
NET CASH FROM FINANCING ACTIVITIES		**62,490**	977
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**50,775**	(1,369)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**1,352**	2,721
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**52,127**	1,352

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL

Top Standard Corporation (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 of the laws of the Cayman Islands on 11 February 2016. The Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 February 2018.

The addresses of the Company's registered office and the principal place of business are 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and 4th Floor, Coda Plaza, 51 Garden Road, Central, Hong Kong, respectively.

The immediate and ultimate holding company is JSS Group Corporation ("JSS Group"). JSS Group is a limited liability company incorporated in the British Virgin Islands (the "BVI") and wholly-owned by Mr. Chuk Stanley ("Mr. Stanley Chuk"), who is an executive director of the Company.

The Company is an investment holding company. The activities of its subsidiaries are set out in note 33.

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

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Before the reorganisation as mentioned below, Mr. Stanley Chuk, the founder of the Company, has 65% beneficial interests over Great Planner Limited ("Great Planner") and Sky Honour Consultants Limited ("Sky Honour"), the operating subsidiaries. Mr. Tang Sung Kwong ("Mr. Tang") has the remaining 35% beneficial interests over Great Planner and Sky Honour.

In preparation of the listing of the Company's shares on GEM of the Stock Exchange, the companies comprising the Company and its subsidiaries (collectively referred to as the "Group") underwent the reorganisation as described below.

(i) On 11 February 2016, JSS Group was incorporated in the BVI with limited liability. 650 and 350 shares of JSS Group were allotted and issued to Mr. Stanley Chuk and Mr. Tang, respectively. Mr. Stanley Chuk and Mr. Tang held 65% and 35% of JSS Group, respectively.

(ii) On 11 February 2016, the Company was incorporated as an exempted company in the Cayman Islands with limited liability with an authorised share capital of HK$380,000 divided into 38,000,000 shares with a par value of HK$0.01 each. On the same date, one share of the Company was allotted and issued to the initial subscriber and then transferred to JSS Group.

(iii) On 11 February 2016, Skyreach Investment Holdings Limited ("Skyreach") was incorporated in the BVI with limited liability. On the same date, one share was allotted and issued to the Company. Upon the completion of allotment, Skyreach became the wholly-owned subsidiary of the Company.

(iv) On 11 February 2016, each of Everbloom Group Limited ("Everbloom"), Ironforge Group Limited ("Ironforge") and Legion Holdings Group Limited ("Legion") was incorporated in the BVI with limited liability. On the same date, one share of each of Everbloom, Ironforge and Legion was allotted and issued to Skyreach. Upon the completion of allotments, each of Everbloom, Ironforge and Legion became wholly-owned by Skyreach.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(v) On 18 March 2016, Stormwind Limited ("Stormwind") was incorporated in Hong Kong with limited liability. On the same date, 10,000 shares were allotted and issued to Skyreach. Upon the completion of allotment, Stormwind is wholly-owned by Skyreach.

(vi) On 24 June 2016, Everbloom acquired entire equity interest of Great Planner from Top Standard Group Limited ("TSGL"), the then immediate holding company of Great Planner, at a cash consideration of HK$1. Upon completion of the acquisition, Great Planner became the wholly-owned subsidiary of Everbloom.

(vii) On 24 June 2016, Ironforge acquired entire equity interest of Sky Honour from TSGL, the then immediate holding company of Sky Honour, at a cash consideration of HK$1. Upon completion of the acquisition, Sky Honour became the wholly-owned subsidiary of Ironforge.

(viii) Pursuant to a sale and purchase agreement dated 30 June 2016 entered into between Mr. Stanley Chuk and Mr. Tang, Mr. Stanley Chuk acquired 35% equity interest of JSS Group from Mr. Tang at a consideration of HK$12,474,350. Upon completion of the acquisition, JSS Group was owned as to 100% by Mr. Stanley Chuk.

(ix) On 20 October 2016, the Company issued 8,111 shares of the Company to JSS Group (as instructed by Mr. Stanley Chuk) at par. At the same time, the Company issued 944 shares and 944 shares to J & W Group Limited ("J & W Group"), which is a BVI incorporated limited company owned by Mr. Chuk Kin Yuen ("Mr. KY Chuk"), and Oxlo Corporation ("Oxlo"), which is a BVI incorporated limited company owned by Mr. Chuk Chon Fai, Steve ("Mr. Steve Chuk"), at a cash consideration of HK$4,036,000 and HK$4,036,000, respectively. Upon the completion of share subscription, the Company is 81.12% owned by JSS Group, 9.44% owned by J & W Group and 9.44% owned by Oxlo.

Pursuant to the reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group.

The consolidated financial statements have been prepared under the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2017 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the year ended 31 March 2017, or since their respective dates of incorporation, where there is a shorter period.

Pursuant to a sale and purchase agreement dated 20 October 2016 and a deed of amendments dated 29 August 2017 entered into between the Company, Mr. Stanley Chuk, Mr. KY Chuk, who is the father of Mr. Stanley Chuk, and Mr. Steve Chuk, who is the brother of Mr. Stanley Chuk, Legion acquired the entire equity interest of Good Step Limited ("Good Step") at a cash consideration of HK$2. Upon the completion of the acquisition, Good Step became the wholly-owned subsidiary of the Company. The acquisition of Good Step has been accounted for using the acquisition method in accordance with Hong Kong Financial Reporting Standard ("HKFRS") 3 "Business combination". Details are disclosed in note 26.

3. APPLICATION OF NEW AND REVISED HKFRSs

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

New and revised HKFRSs in issue but not yet effective

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

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

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

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.

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

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

3. APPLICATION OF NEW AND REVISED HKFRSs (CONTINUED)

HKFRS 9 "Financial instruments" (Continued)

- In relation to the impairment requirements, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under Hong Kong Accounting Standards ("HKAS") 39 "Financial instruments: Recognition and measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

Classification and measurement:
Loans and receivables carried at amortised cost: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9.

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

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

HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. When HKFRS 15 becomes effective, HKFRS 15 will supersede HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations.

HKFRS 15 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(s)
- 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 the entity satisfies a performance obligation

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

3. APPLICATION OF NEW AND REVISED HKFRSs (CONTINUED)

HKFRS 15 "Revenue from contracts with customers" (Continued)

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

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company 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 periods based on the existing business model of the Group as at 31 March 2018.

HKFRS 16 "Leases"

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

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

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

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$42,321,000 as disclosed in note 24. 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. However, the directors of the Company do not expect the adoption of HKFRS 16, as compared to the current accounting policy of the Group, would result in significant impact on the results and the net assets of the Group.

3. APPLICATION OF NEW AND REVISED HKFRSs (CONTINUED)

HKFRS 16 "Leases" (Continued)

The Group currently considers refundable rental deposits paid of HK$6,251,000 as at 31 March 2018 as 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 upon application of HKFRS 16 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.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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 are determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

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

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

The principal accounting policies adopted are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interest even if this results in non-controlling interests having a deficit balance.

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

Merger accounting for business consolidation involving entities under common control

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Merger accounting for business consolidation involving entities under common control (Continued)

The net assets of the combining entities or businesses are consolidated using the existing carrying values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain.

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

Business combination

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

Sales of goods are recognised when the goods are delivered and titles have passed.

Service income is recognised when the services are rendered.

Membership fee income are recognised on a straight-line basis over the subscription period.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

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

An item of property 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 and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment loss on assets other than financial assets

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

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

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

Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables and deposits, amounts due from related parties/former related parties and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables 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 loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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, observable changes in national or local economic conditions that correlate with default on receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

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

The 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.

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

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition 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 a group entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees 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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition (continued)

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

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") as defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

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

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

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

Leasing

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expense in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the term. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "(loss) profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other 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 each reporting period.

Deferred tax is recognised on 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 profits. 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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business consolidation) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at the end of each 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 assets be recovered.

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

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

Current and deferred tax are recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 obligations, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each 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).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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 estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Estimation of useful lives and impairment of property and equipment

The Group's management determines the estimated useful lives and depreciation method in determining the related depreciation charges for its property and equipment. This estimate is based on the management's experience of the actual useful lives of property and equipment of similar nature and functions. The management of the Group will accelerate the depreciation charge where the economic useful lives are shorter than previously estimated due to removal or closure of restaurants. The management of the Group will also write-off or write-down the carrying value of the items which are technically obsolete or non-strategic assets that have been abandoned. Actual economic useful lives may differ from estimated economic useful lives.

In addition, the management of the Group assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property and equipment may not be recoverable. When the recoverable amounts of property and equipment differ from the original estimates, adjustment will be made and recognised in the period in which such event takes place. As at 31 March 2018, the carrying amount of property and equipment is HK$23,092,000 (2017: HK$12,674,000).

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from restaurant operations for services provided and food served and net of discount, and membership fee income from external customers for privileged services in the Group's restaurants during the year. The Group's revenue from external customers based on their nature is detailed below:

	2018 HK$'000	2017 HK$'000
Catering service income (including services provided and food served)	115,426	79,124
Membership fee income	716	827
	116,142	79,951

The consolidated financial statements reported to the management of the Group, being the chief operating decision maker, for the purpose of assessment of segment performance and resources allocation focusing on different restaurants of the Group. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments are (i) Sichuanese and Cantonese cuisine under the brand of "San Xi Lou" ("San Xi Lou"); (ii) vegetarian cuisine under the brand of "Pure Veggie House" ("Pure Veggie House"); (iii) Japanese cuisine located in Central, Hong Kong ("Ronin Central"); and (iv) Japanese cuisine located in Wanchai, Hong Kong ("Ronin Wanchai").

Segment revenue and results

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	Segment total HK$'000	Eliminated HK$'000	Consolidated HK$'000
Year ended 31 March 2018							
External revenue	72,837	15,296	12,590	15,419	116,142	–	116,142
Inter segment sales	342	–	–	–	342	(342)	–
Total	73,179	15,296	12,590	15,419	116,484	(342)	116,142
Segment results	9,413	3,055	(692)	239	12,015	–	12,015
Other income							42
Finance costs							(651)
Listing expense							(17,961)
Other expenses							(14,161)
Loss before taxation							(20,716)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	Segment total HK$'000	Eliminated HK$'000	Consolidated HK$'000
Year ended 31 March 2017							
External revenue	56,093	15,026	3,888	4,944	79,951	–	79,951
Inter segment sales	–	39	–	–	39	(39)	–
Total	56,093	15,065	3,888	4,944	79,990	(39)	79,951
Segment results	16,162	3,463	(840)	(249)	18,536	–	18,536
Other income							1
Finance costs							(206)
Other expenses							(7,867)
Profit before taxation							10,464

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 4. Segment (loss) profit represents the loss incurred/profit earned by each segment without allocation of other income, finance costs, other expenses (including head office staff costs, rental and other corporate expenses during both years), listing expenses and taxation.

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	Consolidated HK$'000
As at 31 March 2018					
ASSETS					
Segment assets	21,433	932	7,268	3,076	32,709
Unallocated property and equipment					50
Deferred tax assets					432
Unallocated prepayments					3,259
Tax recoverable					559
Bank balances and cash					52,127
Consolidated total assets					89,136
LIABILITIES					
Segment liabilities	10,585	912	982	813	13,292
Unallocated other payables and accruals					3,902
Bank borrowings					21,740
Obligation under finance lease					193
Unallocated provision					60
Deferred tax liabilities					109
Consolidated total liabilities					39,296

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	Consolidated HK$'000
As at 31 March 2017					
ASSETS					
Segment assets	6,888	1,537	8,563	3,908	20,896
Unallocated property and equipment					64
Deferred tax assets					279
Unallocated prepayments					1,020
Tax recoverable					21
Non-trade amounts due from related parties/ former related parties					16,612
Bank balances and cash					1,352
Consolidated total assets					40,244
LIABILITIES					
Segment liabilities	4,838	1,229	822	1,101	7,990
Unallocated other payables and accruals					472
Non-trade amounts due to related parties					571
Bank borrowings					18,857
Obligation under finance lease					242
Tax payable					550
Unallocated provision					60
Consolidated total liabilities					28,742

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments, other than certain property and equipment for corporate use, deferred tax assets, unallocated prepayments, tax recoverable, non-trade nature amounts due from related parties/former related parties and bank balances and cash.

- all liabilities are allocated to operating and reportable segments, other than tax payable, bank borrowings, obligation under finance lease, certain other payables and accruals, non-trade amounts due to related parties, unallocated provision and deferred tax liabilities.

Other segment information

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	Total segment HK$'000	Unallocated HK$'000	Total HK$'000
For the year ended 31 March 2018							
Amounts included in the measure of segment profit (loss) or segment assets:							
Additions of property and equipment	16,045	36	–	24	16,105	–	16,105
Depreciation of property and equipment	2,093	305	2,088	1,187	5,673	14	5,687

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	Total segment HK$'000	Unallocated HK$'000	Total HK$'000
For the year ended 31 March 2017							
Amounts included in the measure of segment profit (loss) or segment assets:							
Additions of property and equipment	584	20	806	–	1,410	69	1,479
Depreciation of property and equipment	1,297	324	876	486	2,983	5	2,988

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

No geographical segment information is presented as the Group's revenue is all derived from Hong Kong based on the location of goods delivered and services provided, and all of the Group's non-current assets are located in Hong Kong by physical location of assets.

Information about major customers

No individual customer accounted for over 10% of the Group's total revenue during each of the year ended 31 March 2018 and 2017.

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Mr. Stanley Chuk was appointed as a director of the Company on 11 February 2016 and re-designated as an executive director of the Company on 21 August 2017. Mr. KY Chuk and Mr. Lam Ka Wong, Johnson ("Mr. Johnson Lam") were appointed as the executive directors of the Company on 21 August 2017. Ms. Chian Yat Ping, Mr. Yew Tak Yun, Paul and Mr. Chan Kwok Ki, Stephen were appointed as independent non-executive directors on 23 January 2018. The emoluments paid or payable to the directors of Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during both years as follows:

	Director's fee HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Year ended 31 March 2018				
Executive directors				
Mr. Stanley Chuk (note i)	63	–	–	63
Mr. KY Chuk	63	–	–	63
Mr. Johnson Lam	63	209	13	285
Independent non-executive directors				
Ms. Chian Yat Ping	16	–	–	16
Mr. Yew Tak Yun, Paul	16	–	–	16
Mr. Chan Kwok Ki, Stephen	16	–	–	16
Total	237	209	13	459
Year ended 31 March 2017				
Executive directors				
Mr. Stanley Chuk	–	–	–	–
Mr. KY Chuk	–	–	–	–
Mr. Johnson Lam	–	240	12	252
Total	–	240	12	252

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

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

Notes:

(i) Mr. Stanley Chuk is also the chairman and chief executive director of the Company.

(ii) The emoluments of executive directors stated above were for their services in connection with management of the affairs of the Company and subsidiaries. The emoluments of independent non-executive directors state above were for their services in connection with their roles as directors of the Company.

No remuneration was paid by the Company to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years. The directors of the Company have not waived any remuneration for both years.

(b) Employees' emoluments

None of the five highest paid individuals are directors for the year ended 31 March 2018 (2017: none). The emoluments of the five highest paid individuals are as follows:

	2018 HK$'000	2017 HK$'000
Salaries and other benefits	**2,698**	2,614
Retirement benefits scheme contributions	**91**	102
	2,789	2,716

Their emoluments are within the following bands:

	2018 Number of employees	2017 Number of employees
Nil to HK$1,000,000	**5**	5

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

8. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
The finance costs represent interest on:		
— Bank borrowings	**638**	197
— Obligation under finance lease	**13**	9
	651	206

9. (LOSS) PROFIT BEFORE TAXATION

	2018 HK$'000	2017 HK$'000
(Loss) profit before taxation has been arrived at after charging:		
Auditor's remuneration	**850**	100
Staff costs (including directors' emoluments)		
Salaries and other benefits	**39,401**	27,151
Retirement benefits scheme contributions	**1,923**	1,250
	41,324	28,401
Minimum lease payments under operating leases in respect of:		
— land and buildings	**18,857**	8,212
— catering equipment	**304**	182
	19,161	8,394

10. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Hong Kong Profits Tax:		
Current tax	**1,218**	2,325
Underprovision in prior years	**4**	–
	1,222	2,325
Deferred taxation credit (note 14)	**(44)**	(194)
	1,178	2,131

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

The income tax expense for the year can be reconciled to the (loss) profit before taxation as follows:

	2018 HK$'000	2017 HK$'000
(Loss) profit before taxation	**(20,716)**	10,464
Tax at the domestic income tax rate	**(3,418)**	1,727
Tax effect of expense not deductible for tax purpose	**3,232**	21
Underprovision in prior years	**4**	–
Tax effect of tax losses/deductible temporary differences not recognised	**1,436**	428
Utilisation of tax losses previously not recognised	**(16)**	–
Others	**(60)**	(45)
Income tax expense	**1,178**	2,131

Details of deferred tax are set out in note 14.

11. DIVIDENDS

During the year ended 31 March 2017, the Company declared and paid dividends of HK$11,000,000 (HK$110,000 per share) to the shareholders.

No dividends were paid, declared or proposed during the year ended 31 March 2018.

The directors of the Company do not recommend the payment of a dividend in respect of the year ended 31 March 2018.

12. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to the owners of the Company is based on the following data.

	2018 **HK$'000**	2017 HK$'000
(Loss) earnings:		
(Loss) earning for the purpose of calculating basic (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	**(21,894)**	7,406

	'000	'000
Number of shares:		
Number of shares for the purpose of calculating (loss) earnings per share	**625,753**	495,303

The number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue as described in note 23 has been effective on 1 April 2016.

No diluted (loss) earnings per share information has been presented for the year ended 31 March 2018 and 2017 as there were no potential ordinary shares outstanding during both years.

13. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Catering and other equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
COST					
At 1 April 2016	4,150	1,821	1,471	–	7,442
Additions	977	117	105	280	1,479
Acquisition of a subsidiary (note 26)	9,762	1,172	222	–	11,156
At 31 March 2017	14,889	3,110	1,798	280	20,077
Additions	12,454	2,876	775	–	16,105
At 31 March 2018	27,343	5,986	2,573	280	36,182
DEPRECIATION					
At 1 April 2016	2,508	985	922	–	4,415
Provided for the year	2,092	504	345	47	2,988
At 31 March 2017	4,600	1,489	1,267	47	7,403
Provided for the year	4,585	700	332	70	5,687
At 31 March 2018	9,185	2,189	1,599	117	13,090
CARRYING AMOUNTS					
At 31 March 2018	18,158	3,797	974	163	23,092
At 31 March 2017	10,289	1,621	531	233	12,674

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the shorter of lease terms and useful life
Furniture and fixtures	20%
Catering and other equipment	20%
Motor vehicle	25%

As at 31 March 2018, the carrying amount of motor vehicle included an amount of HK$163,000 (2017: HK$233,000) in respect of asset held under finance lease.

14. DEFERRED TAXATION

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

	Accelerated accounting depreciation HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2016	85	–	85
Credit to profit or loss	194	–	194
At 31 March 2017	279	–	279
Credit (charge) to profit or loss	153	(109)	44
At 31 March 2018	432	(109)	323

For the purpose of presentation in the consolidated statement of financial position, the following is the analysis of the deferred taxation:

	2018 HK$'000	2017 HK$'000
Deferred tax assets	**432**	279
Deferred tax liabilities	**(109)**	–
Total	**323**	279

The Group has unused estimated tax losses of approximately HK$13,367,000 (2017: HK$7,397,000) and deductible temporary differences of HK$6,272,000 (2017: HK$2,708,000) available for offset against future profits as at 31 March 2018. The deductible temporary difference of HK$2,618,000 (2017: HK$1,691,000) as at 31 March 2018 has been recognised as deferred tax assets. No deferred tax asset has been recognised in respect of the entire unused tax losses and deductible temporary differences of HK$3,654,000 (2017: HK$1,017,000) as at 31 March 2018 due to the unpredictability of future profit. Unused tax losses may be carried forward indefinitely.

15. INVENTORIES

	2018 HK$'000	2017 HK$'000
Food and beverage and other consumables for restaurant operations	**648**	468

16. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 HK$'000	2017 HK$'000
Trade receivables	**1,310**	508
Rental deposits	**6,251**	3,058
Other deposits	**1,469**	1,095
Prepayments and other receivables	**3,248**	856
Total	**12,278**	5,517
Analysed for reporting purposes as:		
Non-current assets	**7,590**	4,055
Current assets	**4,688**	1,462
	12,278	5,517

There was no credit period granted to individual customers for the restaurant operations. 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.

However, the Group allows a credit period of 30 days to its VIP members which include certain corporate customers for consumption in the Group's restaurants. The credit period provided to customers can vary based on a number of factors including nature of operations, the Group's relationship with the customer and the customer's credit profile.

No interest is charged on the trade receivables on the outstanding balance.

The following is an ageing analysis of trade receivables presented based on the invoice date, which approximated the service rendered date, at the end of the reporting periods.

	2018 HK$'000	2017 HK$'000
0 to 30 days	**996**	364
31 to 60 days	**154**	16
61 to 90 days	**75**	4
Over 90 days	**85**	124
	1,310	508

As at 31 March 2018, the trade receivables with carrying amount of HK$996,000 (2017: HK$364,000) are neither past due nor impaired. The Group considers that the amounts are recoverable because of the good repayment records by the counterparties.

16. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

As at 31 March 2018, included in the Group's trade receivables are debtors with an aggregate carrying amount of HK$314,000 (2017: HK$144,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The trade receivables which are past due but not impaired were either settled subsequently or due from debtors which do not have historical default of payments. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2018 HK$'000	2017 HK$'000
Overdue:		
0 to 30 days	154	16
31 to 60 days	75	4
Over 60 days	85	124
	314	144

Included in rental deposits of HK$600,000 (2017: HK$400,000) represented the deposits made to Charm Region (as defined at note 19) for the lease of a restaurant as at 31 March 2018.

17. BANK BALANCES AND CASH

As at 31 March 2018, bank balances and cash comprise of cash held and short term bank deposits with an original maturity of three months or less which carry interest at prevailing market rate of 0.01% to 1.20% (2017: 0.01%) per annum.

18. TRADE AND OTHER PAYABLES AND ACCRUALS

	2018 HK$'000	2017 HK$'000
Trade payables	3,526	2,010
Salaries payables	4,073	2,549
Accruals and other payables	4,435	3,179
Payables for purchases of property and equipment	1,675	–
Payables for professional fees for the purpose of listing expenses	2,585	–
	16,294	7,738

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
0–30 days	2,563	1,518
31–60 days	829	459
61–90 days	109	22
Over 90 days	25	11
	3,526	2,010

19. AMOUNTS DUE FROM/TO RELATED PARTIES/FORMER RELATED PARTIES

Amounts due from related parties/former related parties

Details of amounts due from related parties/former related parties are as follows:

Name of related parties	Balance at 31 March 2018 HK$'000	Balance at 31 March 2017 HK$'000	1 April 2016 HK$'000	Maximum amount outstanding during the year ended 31 March 2018 HK$'000	Maximum amount outstanding during the year ended 31 March 2017 HK$'000
Mr. Stanley Chuk	–	7,185	1,111	9,635	7,185
Mr. Steve Chuk	–	1	2	1	2
Mr. KY Chuk	–	9,270	–	9,670	10,207
TSGL (note i)	–	203	6,359	203	6,359
Bright Link Limited ("Bright Link") (note i)	–	2,760	2,098	3,080	3,541
Healthlase Medical Laser Skin Care Limited ("Healthlase") (note ii)	–	206	199	222	206
Digit Future Development Limited ("Digit Future") (note ii)	–	128	34	216	128
Gold Goal Limited ("Gold Goal") (note i)	–	–	716	–	2,288
Mr. Tang	–	–	132	–	509
	–	19,753	10,651		

	At 31 March 2018 HK$'000	At 31 March 2017 HK$'000	At 1 April 2016 HK$'000
Analysis into:			
Amounts due from related parties	–	16,456	10,651
Amounts due from former related parties	–	3,297	–
Total	–	19,753	10,651

19. AMOUNTS DUE FROM/TO RELATED PARTIES/FORMER RELATED PARTIES (CONTINUED)

Amounts due from related parties/former related parties (CONTINUED)

Notes:

(i) TSGL, Bright Link and Gold Goal are former related companies of Great Planner and Sky Honour, which Mr. Stanley Chuk had 65% controlling interests of TSGL and Bright Link before 30 June 2016. Gold Goal is a wholly-owned subsidiary of TSGL. Mr. Stanley Chuk disposed his 65% equity interests of TSGL and Bright Link to Mr. Tang on 30 June 2016. Accordingly, TSGL, Bright Link and Gold Goal were no longer related companies of the Group since then.

(ii) Mr. Tang has significant influence over Healthlase and Digit Future. Upon the acquisition of 35% equity interests of Great Planner and Sky Honour from Mr. Tang by Mr. Stanley Chuk on 30 June 2016, Mr. Tang had no longer held any interest of the Group. Accordingly, these entities were no longer related companies of the Group since then.

As at 31 March 2017, the amounts due from related parties/former related parties of HK$16,612,000 were non-trade, unsecured, interest-free and repayable on demand.

As at 31 March 2017, included in the amounts due from related parties/former related parties of HK$3,141,000 represented the trade nature balances, the Group did not grant any credit period to these related parties/former related parties. The following was an ageing analysis of trade nature amounts due from related parties/former related parties as at 31 March 2017 presented based on the invoice date.

	2017 HK$'000
0 to 30 days	517
31 to 60 days	901
61 to 90 days	98
91 to 180 days	25
181 to 365 days	1,362
Over 365 days	238
	3,141

The entire trade nature amounts due from related parties/former related parties were past due as at 31 March 2017 which the Group had not provided for impairment loss, as there had not been a significant change in credit quality and the amounts were still considered recoverable based on the historical experience. The Group did not hold any collateral over these balances.

No interest was charged on the trade nature amounts due from related parties/former related parties. The Group had policy regarding impairment losses on trade nature amounts due from related parties which was based on the evaluation of collectability and on the management's judgement including the current creditworthiness and the past collection history of each related party.

During the year ended 31 March 2018, the amounts due from related parties/former related parties had been settled.

19. AMOUNTS DUE FROM/TO RELATED PARTIES/FORMER RELATED PARTIES (CONTINUED)

Amounts due to related parties

Details of amounts due to related parties as at 31 March 2017 are stated as follows:

	2017 HK$'000
Mr. KY Chuk	550
Mr. Stanley Chuk	21
Charm Region Limited ("Charm Region") (note i)	200
Darnassus Limited ("Darnassus") (note ii)	124
	895

Notes:

(i) Charm Region is wholly-owned by Mr. KY Chuk and Mr. Steve Chuk.

(ii) Darnassus is wholly-owned by Mr. Stanley Chuk

The amounts due to related parties (including Mr. KY Chuk and Mr. Stanley Chuk) of HK$571,000 were non-trade, unsecured, interest-free and repayable on demand as at 31 March 2017.

Included in amounts due to related parties of HK$324,000 as at 31 March 2017 represented the trade nature balances. The following is an ageing analysis of trade nature amounts due to related parties presented based on the invoice date at the end of the reporting period.

	2017 HK$'000
0 to 30 days	263
31 to 60 days	61
	324

During the year ended 31 March 2018, the amounts due to related parties had been settled.

20. BANK BORROWINGS

	2018 HK$'000	2017 HK$'000
Carrying amount (shown under current liabilities) that contains a repayment on demand clause based on scheduled repayment terms:		
— Within one year	**21,740**	5,357
— More than one year but not exceeding two years	**–**	13,500
	21,740	18,857

The bank borrowings are at floating rate which carry interest at HK$ Best Lending Rate plus or minus a spread or Hong Kong Interbank Offered Rate ("HIBOR") plus 2.5%. The effective interest rate on the Group's bank borrowings ranged from 2.00% to 4.75% and 2.00% to 5.50% per annum as at 31 March 2017 and 2018, respectively.

As at 31 March 2018, bank borrowings of HK$21,500,000 are unsecured and guaranteed by a group entity.

Bank borrowings of HK$240,000 as at 31 March 2018 are unsecured and guaranteed by a group entity. Subsequent to the end of the reporting period, the corporate guarantees have been released upon full settlement of the bank borrowings.

Bank borrowing of HK$17,000,000 as at 31 March 2017 was secured by the leasehold land and buildings owned by Highland Limited, Hing Fai Development (H.K.) Company Limited, F1 Investment Limited and Charm Region, which are wholly-owned by Mr. KY Chuk and Mr. Steve Chuk. The pledges of leasehold land and buildings owned by the related parties were released during the year ended 31 March 2018.

The remaining unsecured bank borrowings of HK$1,857,000 as at 31 March 2017 were guaranteed by Mr. Stanley Chuk and Mr. Steve Chuk and certain group entities. These guarantees were released during the year ended 31 March 2018 upon full settlement of the bank borrowings.

21. OBLIGATION UNDER FINANCE LEASE

	2018 HK$'000	2017 HK$'000
Analysed for reporting purpose as:		
Current liabilities	**53**	49
Non-current liabilities	**140**	193
	193	242

21. OBLIGATION UNDER FINANCE LEASE (CONTINUED)

The Group has leased its motor vehicle under finance lease. The lease term was five years. Interest rate was fixed at the contract date at 3.00% per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable under finance lease within one year	**62**	62	**53**	49
Within a period of more than one year but not exceeding two years	**62**	62	**56**	53
Within a period of more than two years but not exceeding five years	**88**	150	**84**	140
	212	274	**193**	242
Less: Future finance charges	**(19)**	(32)	**–**	–
Present value of lease obligation	**193**	242	**193**	242
Less: Amount due for settlement within one year (shown under current liabilities)			**(53)**	(49)
Amount due for settlement after one year			**140**	193

The Group's obligation under finance lease was secured by the lessor's charge over the leased asset.

22. PROVISION

	Reinstatement provision HK$'000
As at 1 April 2016	210
Acquisition of a subsidiary (note 26)	110
Provision recognised	140
As at 31 March 2017	460
Provision recognised	500
As at 31 March 2018	960

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

23. SHARE CAPITAL

The share capital as at 1 April 2016 represented the combined share capital of the Company, Great Planner and Sky Honour.

The share capital as at 31 March 2017 and 31 March 2018 represented the share capital of the Company with the details as follows:

	Number of shares	Amount	
		HK$	HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 April 2016 and 31 March 2017	38,000,000	380,000	380
Increase in authorised share capital (note i)	1,962,000,000	19,620,000	19,620
At 31 March 2018	2,000,000,000	20,000,000	20,000
Issued and fully paid:			
At 1 April 2016	1	–	–
Issue of shares (note ii)	9,999	100	–
At 31 March 2017	10,000	100	–
Capitalisation issue (note iii)	599,990,000	5,999,900	6,000
Issue of shares (note iv)	200,000,000	2,000,000	2,000
At 31 March 2018	800,000,000	8,000,000	8,000

Notes:

(i) On 23 January 2018, the authorised share capital of the Company was further increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each by the creation of further 1,962,000,000 shares pursuant to a resolution passed by the shareholders of the Company.

(ii) On 20 October 2016, the Company issued 8,111 shares to JSS Group at par. Also, the Company issued 944 shares and 944 shares to J & W Group and Oxlo, respectively, at a cash consideration of HK$8,072,000 in aggregate on the same date.

(iii) On 13 February 2018, 599,990,000 shares of the Company were issued to the then shareholders of the Company as of the date of passing of the relevant resolution on a pro-rata basis through capitalisation of HK$5,999,900 standing to the credit of share premium account of the Company.

(iv) The shares of the Company have been listed on the Stock Exchange by way of share offer on 13 February 2018. 200,000,000 shares of the Company were issued at an offer price of HK$0.35 per share.

All issued shares of the Company rank pari passu in all respects with each other.

24. OPERATING LEASE COMMITMENTS

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

	2018 HK$'000	2017 HK$'000
Within one year	**17,129**	15,036
In the second to fifth year inclusive	**25,192**	9,360
	42,321	24,396

Included in the total operating lease commitment of the Group in respect of the rental of premise with Charm Region amounted to HK$5,200,000 (2017: HK$3,600,000) as at 31 March 2018.

The above operating lease payments represent rental payable by the Group for restaurants and office premises for both years.

Leases are negotiated and rentals are fixed for term of two to five years.

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

25. RETIREMENT BENEFITS SCHEMES

The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are both required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The cap of contribution amount is HK$1,500 per employee per month.

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

The contributions paid and payable to the schemes by the Group are disclosed in note 9.

26. ACQUISITION OF A SUBSIDIARY

On 20 October 2016, the Group entered into a sale and purchase agreement with Mr. KY Chuk and Mr. Steve Chuk to acquire entire equity interest in Good Step at cash consideration of HK$2. Also, Mr. KY Chuk agreed to contribute HK$7,720,000 to Good Step as part of the condition of this acquisition. Good Step is engaged in the operations of Japanese cuisine restaurants in Hong Kong.

Assets acquired and liabilities recognised at the date of acquisition:

	HK$'000
Property and equipment	11,156
Deposits for acquisition of property and equipment	717
Inventories	108
Traded receivables, deposits and prepayments (note i)	1,931
Contribution receivable from Mr. KY Chuk (note ii)	7,720
Bank balances and cash	1,101
Trade and other payables and accruals	(2,207)
Bank borrowings	(18,000)
Amounts due to related parties	(2,416)
Provision	(110)
Net assets acquired	–

Notes:

(i) The fair value of trade receivables, deposits and prepayments at the date of acquisition amounted to HK$1,931,000, which was the same as their gross contractual amounts at the date of acquisition.

(ii) The contribution receivable was not settled as at 31 March 2017 and included in amounts due from related parties/former related parties as at 31 March 2017. The amount was subsequently settled in June 2017.

Cash inflow arising on acquisition:

	HK$'000
Bank balances and cash acquired	1,101

Revenue of the Group for year ended 31 March 2017 included HK$8,832,000 from Good Step. Included in the profit of the Group for the year ended 31 March 2017 was a loss of HK$2,054,000 attributable to Good Step.

Had the acquisition been effected at the beginning of the year ended 31 March 2017, the total amount of revenue of the Group for the year ended 31 March 2017 would have been HK$93,447,000 and the amount of the profit for the year ended 31 March 2017 would have been HK$6,171,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of the results.

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes amounts due to related parties, bank borrowings and obligation under finance lease as disclosed in respective notes, and equity of the Group, comprising issued share capital, share premium, other reserves and accumulated profits (losses).

The management of the Group reviews the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issuance of new shares and the raise of borrowings or the repayment of the existing borrowings.

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**54,942**	22,708
Financial liabilities		
Amortised cost	**32,297**	24,663

Financial risk management objectives and policies

The Group's financial instruments include trade receivables, deposits, bank balances and cash, trade and other payables and accruals, amounts due from/to related parties/former related parties and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see note 17 and 20). The Group is also exposed to fair value interest rate risk in relation to fixed-rate obligation under finance lease (see note 21). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arises.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rates arising from the Group's bank balances and HK$ Best Lending Rate and HIBOR arising from the Group's variable-rate bank borrowings.

28. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable-rate bank borrowings. The analysis is prepared assuming the variable-rate bank borrowings at the end of each reporting period were outstanding for the whole year and 50 basis points increase or decrease are used. The bank balances are excluded from the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is not significant.

If interest rates have been 50 basis points higher/lower for variable-rate bank borrowings and all other variables were held constant, the Group's loss for the year ended 31 March 2018 would increase/decrease by HK$91,000 (2017: profit for the year decrease/increase HK$79,000).

Credit risk

The Group's credit risk is principally attributable to trade receivables and deposits, amounts due from related parties/former related parties and bank balances.

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

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

The Group had significant concentration of credit risk on amounts due from related parties/former related parties. Details of amounts due from related parties/former related parties are disclosed in notes 19. The management of the Group considers the counterparties with good credit worthiness based on its past repayment history and subsequent settlement.

The credit risk for bank balances is considered as not material as such amounts are placed in banks with good reputation.

28. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has 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. Specially, 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 the reporting period.

	Weighted average effective interest rate %	Repayable on demand HK$'000	Within 3 months HK$'000	3 months to 1 year HK$'000	1–5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2018							
Non-derivative financial liabilities							
Trade and other payables and accruals	N/A	2,585	7,972	–	–	10,557	10,557
Bank borrowings	2.77	21,740	–	–	–	21,740	21,740
Obligation under finance lease	3.00	–	15	47	150	212	193
		24,325	7,987	47	150	32,509	32,490

	Weighted average effective interest rate %	Repayable on demand HK$'000	Within 3 months HK$'000	3 months to 1 year HK$'000	1–5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2017							
Non-derivative financial liabilities							
Trade and other payables and accruals	N/A	–	4,911	–	–	4,911	4,911
Amounts due to related parties	N/A	895	–	–	–	895	895
Bank borrowings	2.12	18,857	–	–	–	18,857	18,857
Obligation under finance lease	3.00	–	15	47	212	274	242
		19,752	4,926	47	212	24,937	24,905

28. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the "Repayable on demand" time band in the above maturity analysis. As at 31 March 2018, the aggregate carrying amount of these bank borrowings was approximately HK$21,740,000 (2017: HK$18,857,000). Taking into account the Group's financial position, management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

For the purpose of managing liquidity risk, the management of the Group reviews the expected cash flow information of the Group's bank borrowings based on the scheduled repayment dates set out in the bank borrowing agreements as set out in the table below:

	Weighted Average effective interest rate %	Within 3 months HK$'000	3 months to 1 year HK$'000	1–2 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Bank borrowings:						
As at 31 March 2018	2.77	12,309	9,595	–	21,904	21,740
As at 31 March 2017	2.12	2,249	3,444	13,663	19,356	18,857

Fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

29. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2018 HK$'000	2017 HK$'000
Purchases from:		
— Heyuan City DongJiang Kang Zhi Yuan Organic Food Limited ("Kang Zhi Yuan") (notes i and ii)	–	603
— Shiny (China) Limited (notes i and iii)	–	1,136
	–	1,739
Catering income from:		
— Bright Link (note i)	–	1,027
— Digit Future (note i)	–	56
— Healthlase (note i)	–	67
— TSGL (note i)	–	44
— Mr. Stanley Chuk	**251**	319
— Mr. KY Chuk	**151**	740
— Mr. Steve Chuk	–	1
— Mr. Tang (note i)	–	107
	402	2,361
Advertising fee paid/payable to Top Standard Parking Limited ("TS Parking") (note i and iv)	–	21
Advertising fee paid/payable to Darnassus	**84**	–
Management fee paid/payable to Darnassus	–	56
Parking fee paid/payable to TS Parking (notes i and iv)	–	185
Parking fee paid/payable to Darnassus	**705**	499
Rental expenses paid/payable to Charm Region	**2,200**	1,000

Notes:

(i) The amount represented the transaction with these related parties from 1 April 2016 to 30 June 2016 (the date Mr. Tang ceased his beneficial interests over Great Planner and Sky Honour) and since then transactions with these related parties were no longer considered as related party transactions.

(ii) Kang Zhi Yuan was a former wholly-owned subsidiary of Top Standard (China) Limited ("TS China") and was disposed to the sister of Mr. Tang in May 2016. TS China was a wholly-owned subsidiary of TSGL and was liquidated on 5 August 2017.

(iii) Shiny (China) Limited is wholly-owned by niece of Mr. Tang.

(iv) TS Parking is a wholly-owned subsidiary of TSGL.

29. RELATED PARTY TRANSACTIONS (CONTINUED)

During the years ended 31 March 2018 and 2017, Mr. KY Chuk and Mr. Steve Chuk provided joint and several guarantees to fully guarantee the due observance and compliance of a tenancy agreement to the landlord. The guarantees by Mr. KY Chuk and Mr. Steve Chuk had been released in February 2018.

Details of the balances with related parties/former related parties are disclosed in the consolidated statement of financial position and note 19.

Compensation of key management personnel

The remuneration of executive directors and other members of key management during the years ended 31 March 2018 and 2017 were as follows:

	2018 HK$'000	2017 HK$'000
Short-term benefits	1,234	1,079
Post-employment benefits	46	47
	1,280	1,126

30. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2017, the Group settled dividends of HK$11,000,000 to the then shareholders through the current account with them.

In January 2017, Mr. KY Chuk and Mr. Steve Chuk settled their payable of HK$8,072,000 or their subscription of shares of the Company through the capitalisation of the amounts due to them of HK$8,072,000.

Addition to property and equipment of approximately HK$270,000 for the year ended 31 March 2017 was made under the finance lease.

31. MOVEMENTS ON GROUP'S 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.

	Accrued issue cost	Non-trade amounts due to related parties	Bank borrowings	Obligation under finance lease	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2016	–	3,534	2,339	–	5,873
Financing cash flows (note)	–	2,693	(1,679)	(37)	977
Capitalisation of amounts due to related parties (note 30)	–	(8,072)	–	–	(8,072)
Acquisition of a subsidiary (note 26)	–	2,416	18,000	–	20,416
Purchase of property and equipment through finance lease	–	–	–	270	270
Finance costs recognised	–	–	197	9	206
At 31 March 2017	–	571	18,857	242	19,670
Financing cash flows (note)	(9,122)	(571)	2,245	(62)	(7,510)
Finance costs recognised	–	–	638	13	651
Issue costs recognised	9,768	–	–	–	9,768
At 31 March 2018	646	–	21,740	193	22,579

Note: The financing cash flows represented the net amount of proceeds from bank borrowings, payment of finance costs and transaction costs directly attribute to issue of shares, advances from related parties, repayments to related parties, bank borrowings and obligation under finance lease.

32. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 HK$'000	2017 HK$'000
Non-current asset		
Investment in a subsidiary	–*	–*
Current assets		
Other receivables and prepayments	2,689	562
Amounts due from subsidiaries	2,773	7,510
Bank balances and cash	46,926	–
	52,388	8,072
Current liabilities		
Other payables and accrued charges	2,703	–
Net current assets	49,685	8,072
Net assets	49,685	8,072
Capital reserves		
Share capital	8,000	–
Reserves (note)	41,685	8,072
Equity attributable to owners of the Company	49,685	8,072

* Less than HK$1,000

Note:

Reserves

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016 and 31 March 2017	8,072	–	8,072
Loss and comprehensive expense for the year	–	(18,619)	(18,619)
Issue of shares (note 23)	68,000	–	68,000
Capitalisation issue (note 23)	(6,000)	–	(6,000)
Transaction costs directly attributable to issue of shares	(9,768)	–	(9,768)
At 31 March 2018	60,304	(18,619)	41,685

33. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 March 2018 and 2017 are as follows:

Name of subsidiary	Place of establishment	Place of operation	Issued and full paid share capital	Attributable equity interest of the Group as at 31 March 2018	2017	Principal activities
Everbloom	BVI	Hong Kong	United States Dollar ("USD")1	**100%**	100%	Investment holdings
Good Step	Hong Kong	Hong Kong	HK$2	**100%**	100%	Restaurant operation
Great Planner	Hong Kong	Hong Kong	HK$1,000,000	**100%**	100%	Restaurant operation
Ironforge	BVI	Hong Kong	USD1	**100%**	100%	Investment holding
Leading Win Limited	Hong Kong	Hong Kong	HK$500,000	**100%**	100%	Restaurant operation
Legion	BVI	Hong Kong	USD1	**100%**	100%	Investment holding
Sky Honour	Hong Kong	Hong Kong	HK$1,500,000	**100%**	100%	Restaurant operation
Skyreach	BVI	Hong Kong	USD1	**100%**	100%	Investment holding
Stormwind	Hong Kong	Hong Kong	HK$10,000	**100%**	100%	Provision of management services to group companies

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

Skyreach is directly held by the Company and all other subsidiaries are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at 31 March 2018 and 2017 or at any time during both years.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last three financial years, as extracted from the audited consolidated financial statements and the Prospectus, is set out below:

	For the year ended 31 March		
	2016	2017	**2018**
	HK$'000	HK$'000	**HK$'000**
RESULTS			
Revenue	72,898	79,951	**116,142**
Profit (loss) before taxation	12,843	10,464	**(20,716)**
Income tax expense	(2,138)	(2,131)	**(1,178)**
Profit (loss) for the year	10,705	8,333	**(21,894)**
Attributable to:			
Owners of the Company	6,958	7,406	**(21,894)**
Non-controlling interests	3,747	927	**–**
	10,705	8,333	**(21,894)**
	HK cents	HK cents	**HK cents**
Earnings (loss) per share			
Basic	2.20	1.50	**(3.50)**

	As at 31 March		
	2016	2017	**2018**
	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES			
Total assets	18,886	40,244	**89,136**
Total liabilities	(12,789)	(28,742)	**(39,296)**
	6,097	11,502	**49,840**
Equity attributable to owners of the Company	3,963	11,502	**49,840**
Non-controlling interests	2,134	–	**–**
	6,097	11,502	**49,840**