NEW WISDOM HOLDING COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8213

ANNUAL REPORT 2017/18

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

Contents

EXECUTIVE DIRECTORS
Mr. Chan Kin Chun Victor *(Chairman)*
Mr. Zheng Hua

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Chan Yee Ping Michael
Mr. Deng Guozhen
Mr. Zeng Shiquan (appointed on 28 March 2018)
Mr. Yip Tai Him (resigned on 28 March 2018)

COMPANY SECRETARY
Ms. Lam Kit Yan *FCPA*

COMPLIANCE OFFICER
Mr. Chan Kin Chun Victor

AUDIT COMMITTEE
Mr. Chan Yee Ping Michael *(Chairman)*
Mr. Deng Guozhen
Mr. Zeng Shiquan

REMUNERATION COMMITTEE
Mr. Deng Guozhen *(Chairman)*
Mr. Chan Kin Chun Victor
Mr. Chan Yee Ping Michael

NOMINATION COMMITTEE
Mr. Chan Kin Chun Victor *(Chairman)*
Mr. Chan Yee Ping Michael
Mr. Zeng Shiquan

CORPORATE GOVERNANCE COMMITTEE
Mr. Chan Yee Ping Michael *(Chairman)*
Mr. Chan Kin Chun Victor
Mr. Zeng Shiquan

AUTHORIZED REPRESENTATIVES
Mr. Chan Kin Chun Victor
Ms. Lam Kit Yan *FCPA*

PRINCIPAL BANKER
The Bank of East Asia Limited

AUDITOR
PKF Hong Kong Limited
Certified Public Accountants
26th Floor, Citicorp Centre
18 Whitfield Road
Causeway Bay, Hong Kong

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COMPANY'S WEBSITE ADDRESS
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GEM STOCK CODE
8213

Note: Information in this section is as at the date of this report

Chairman's Statement

Dear shareholders,

I am pleased to present to you the annual report of New Wisdom Holding Company Limited (the "Company") for the year ended 31 March 2018.

This reporting financial year remained challenging for the food and beverage ("F&B") industry and the Company. Global financial markets continued to be plagued by uncertainties, geopolitical risks continued to amplify, and the unpredictable outcome of the Sino-U.S. trade war, were raising uncertainties on the global economy. As regards to Hong Kong, steady economic growth, vibrant export trade, record-high stock market and property market, and strengthened local consumption power, coupled with the recovery of the number of visitors, resulted in the gradual stabilization of the retail market. However, the Company remained alert and cautious as we inevitably faced pressure from intensified competition, as well as rising rentals, labour and raw material costs.

Despite the challenging business environment, the Company was committed to satisfying consumer-driven demand for higher-quality F&B, adapting to the ever-changing market environment and striving to provide customers with great dining experiences. In order to maintain our competitive advantages, we remained focused in developing our Japanese brands, including Italian Tomato, Ginza Bairin ("銀座梅林"), Shirokuma Curry ("白熊咖哩") and Enmaru ("炎丸"); whilst strategically restructuring operations in the Mainland and Hong Kong to extend our business footprints to diversify income sources.

During the period, we reviewed the overall performance of our brands from time to time, as well as researched on the consumer preference and enriched our menu, insisted on providing high quality food and services, stepped up marketing efforts so as to strengthen our relationship with customers. The Group has successfully enhanced its attractiveness to new and repeating customers. To improve profit margins, we also implemented reform measures such as optimizing manpower allocation, in the hope of increasing the Company's competitiveness, controlling operating costs and narrowing down the losses in this financial year.

Looking ahead, the Company will carry on its steadfast prudential initiatives to adjust its marketing strategies, further solidify our successful brand identity and increase brand awareness, while striving to strengthen customer relations, with an aim for a favorable position in the F&B industry. The Company will also actively explore market opportunities, look for high growth investment opportunities and diversify our business areas. We believe that by the joint efforts of our management and employees, we shall be able to maximize the benefits and returns to the Company, staff members, clients as well as shareholders.

In April 2018, Oceanic Fortress Holdings Limited acquired the majority of the issued shares of the Company. The management is optimistic about achieving the sales target with the assistance of strong supports and resources of the new controlling shareholder, along with driving forces for growth in the coming year.

Lastly, I would like to express my sincere gratitude to all of our employees for their hard work and dedication in the past year, and our customers for their continued support. I also appreciate the trust of our shareholders and hope that our shareholders will continue to support and follow the Company's development. The Company's management team and all staff members will continue to work hard and strive for better performance for the Company.

Chan Kin Chun Victor
Chairman
Hong Kong, 26 June 2018

Corporate Governance Report

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the Code Provisions under the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules (the "CG Code") throughout the financial year ended 31 March 2018.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the financial year ended 31 March 2018, the Company adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Company's Directors have complied with such required standard of dealings and its code of conduct regarding Directors' securities transactions.

THE BOARD

Board of Directors

The board of Directors of the Company (the "Board") currently consists of five members including two executive Directors and three independent non-executive Directors.

The Company complied at all times during the financial year ended 31 March 2018 with the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors and has arranged appropriate insurance cover for the Directors.

Mr. Chan Yee Ping Michael and Mr. Yip Tai Him (resigned on 28 March 2018), being the independent non-executive Directors possess the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. All independent non-executive Directors bring their wealth of experience to the Board and serve the important function of advising the management on strategy development to ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks for safeguarding the interests of the shareholders and the Company as a whole. None of the independent non-executive Directors has any business or financial interests with the Group and all independent non-executive Directors confirmed their independence to the Group as at 31 March 2018 in accordance with Rule 5.09 of the GEM Listing Rules.

THE BOARD (cont'd)

Board of Directors (cont'd)

Despite that, pursuant to the Articles of Association of the Company, at every annual general meeting of the Company, one-third of the Directors (for the time being, or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) shall retire from office by rotation, provided that the chairman of the Board and/or the managing director of the Company shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. In order to comply with the code provision A.4.2, during the year ended 31 March 2018, all directors appointed to fill a casual vacancy are subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, are subject to retirement by rotation at least once every three years.

Executive Directors

The executive Directors are responsible for running the Group and executing the strategies adopted by the Board. They lead the Group's management team in accordance with the directions set by the Board and are responsible for ensuring that a proper internal control systems is in place and that the Group's business conforms with the applicable laws and regulations.

Independent non-executive Directors

Independent non-executive Directors serve an important function of advising the management on strategy development and ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interests of the shareholders and the Company as a whole.

Each of the independent non-executive Directors of the Company who was appointed on 8 November 2016 has signed a letter for renewal of appointment for a term of one year ending on 7 November 2018 with the Company, unless terminated earlier by either side by giving the other not less than one month's prior written notice and subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Articles of Association of the Company. The commencement dates of the appointment/re-appointment for each of the independent non-executive Directors are as follows:

Independent non-executive Directors	Commencement Date
Mr. Chan Yee Ping Michael	appointed on 8 November 2016 and re-appointed on 8 November 2017
Mr. Deng Guozhen	appointed on 8 November 2016 and re-appointed on 8 November 2017
Mr. Zeng Shiquan	appointed on 28 March 2018

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. The chairman's responsibility is to manage the Board while the chief executive officer's is to manage the business of the Group.

During the year ended 31 March 2018, Mr. Chan Kin Chun Victor was the chairman of the Board (the "Chairman") who responsible for managing the Board, providing leadership for the Board and ensuring good corporate governance practices and procedures are established, while Mr. Zheng Hua focused on daily management of the businesses of the Group, and implements such objectives, policies, strategies and business plans as approved and instructed by the Board. The roles of the Chairman and chief executive are segregated and are not exercised by the same individual during the year under review. As such, the Board considers that sufficient measures have been taken to serve the purpose of the Code Provision A.2.1 of the Code.

AUDIT COMMITTEE

The Company had established an Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee comprised of three independent non-executive Directors. With effect from 8 November 2016, Mr. Yip Tai Him has been appointed as the chairman of the Audit Committee of the Company and Mr. Chan Yee Ping Michael and Mr. Deng Guozhen have been appointed as members of the Audit Committee. Following Mr. Yip Tai Him resigned with effective from 28 March 2018, Mr. Chan Yee Ping Michael has been appointed as the chairman of the Audit Committee in his place and Mr. Zeng Shiquan has been appointed as a member of the Audit Committee. Mr. Yip Tai Him and Mr. Chan Yee Ping Michael possess the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules.

A total of four Audit Committee meetings were held during the financial year ended 31 March 2018 to review and discuss the annual, quarterly and interim results and financial statements of the Group respectively. The adequacy of the Company's policies and procedures regarding financial reporting, risk management and internal control systems were also discussed. Additional meetings may also be held by the Audit Committee from time to time to discuss special projects or other issues that the Audit Committee considers necessary. The external auditor of the Group may request a meeting with the Audit Committee if they consider necessary.

The authorities of the Audit Committee include (1) investigation of any activity within its terms of reference; (2) seeking any information it requires from any employee; and (3) obtaining outside legal or other independent professional advice if it considers necessary.

AUDIT COMMITTEE (cont'd)

The main duties of the Audit Committee include but not limited to the followings:

- To consider the selection and appointment of the external auditor, the audit fee, and any question concerning the resignation or dismissal of the external auditor;
- To discuss with the external auditor the nature and scope of the audit;
- To review and monitor the external auditor's independence and the objectivity and the effectiveness of the audit process in accordance with applicable standards;
- To develop and implement policy on the engagement of external auditor to supply non-audit services;
- To review the Group's quarterly, interim and annual financial statements and results respectively before the submission of them to the Board;
- To discuss any problems and reservations arising from the final audits and any matters that the external auditor may wish to discuss;
- To review the Group's statement on risk management and internal control systems prior to the endorsement of it by the Board;
- To consider the major findings of any internal investigation and the management's response;
- To consider other topics, as determined by the Board; and
- To review arrangements employees of the Company and its subsidiaries can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters.

Throughout the year under review, the Audit Committee discharged its responsibilities, reviewed and discussed the financial results, risk management and the internal control systems of the Group. As regards external auditor's remuneration, audit service was provided by the Group's external auditor during the year under review.

CORPORATE GOVERNANCE FUNCTION

The Company has established the Corporate Governance Committee on 13 February 2012 with written terms of reference in compliance with Code Provision D.3.1 under Appendix 15 of the GEM Listing Rules. With effect from 8 November 2016, Mr. Chan Yee Ping Michael has been appointed as the chairman of the Corporate Governance Committee of the Company and Mr. Chan Kin Chun Victor and Mr. Yip Tai Him have been appointed as members of the Corporate Governance Committee. Following Mr. Yip Tai Him resigned with effective from 28 March 2018, Mr. Zeng Shiquan has been appointed a member of the Corporate Governance Committee in his place.

The main duties of the Corporate Governance Committee are as follows:

- To develop and review the Company's policies and practices on corporate governance;
- To review and monitor the training and continuous professional development of the Directors and the senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct applicable to the Directors and the employees of the Group;
- To review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report as required under the GEM Listing Rules;
- To direct and supervise the investigation into any matter brought to the Committee's attention within the scope of its duties;
- To review annually and recommend to the Board changes as necessary to the terms of reference of the Board and its committees; and
- To make any other recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed.

DIRECTORS' ATTENDANCE AT BOARD MEETINGS, COMMITTEE MEETINGS AND GENERAL MEETINGS

Set out below are the attendance records of all the Directors at the Company's board meetings, board committee meetings and general meetings held during the year:

	No. of meetings attended/No. of meetings held					
	Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Corporate Governance Committee Meetings	General Meetings
Executive Directors						
Mr. Chan Kin Chun Victor *(Chairman)*	7/7	N/A	2/2	2/2	1/1	1/1
Mr. Zheng Hua	6/7	N/A	N/A	N/A	N/A	0/1
Independent non-executive Directors						
Mr. Chan Yee Ping Michael	1/1	4/4	2/2	2/2	1/1	1/1
Mr. Deng Guozhen	1/1	4/4	N/A	2/2	N/A	1/1
Mr. Zeng Shiquan (appointed on 28 March 2018)	0/0	0/0	0/0	N/A	0/0	0/0
Mr. Yip Tai Him (resigned on 28 March 2018)	1/1	4/4	0/2	N/A	0/1	1/1

CONTINUING PROFESSIONAL DEVELOPMENT

Pursuant to the Code Provision A.6.5 under Appendix 15 of the GEM Listing Rules, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

Reading materials on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses. The Company has provided reading materials on regulatory updates to the Directors for their reference and studying.

During the review period, all Directors have participated in continuing professional development by watching training broadcasts arranged by the Company with emphasis on the roles, functions and duties of a listed company director and reading relevant materials on topics related to corporate governance and regulatory matters.

CONTINUING PROFESSIONAL DEVELOPMENT (cont'd)

A summary of training received by the Directors since 1 April 2017 up to 31 March 2018 is as follow:

Board members	Type of training
Executive Directors	
Mr. Chan Kin Chun Victor	A, B
Mr. Zheng Hua	A, B
Independent non-executive Directors	
Mr. Chan Yee Ping Michael	A, B
Mr. Deng Guozhen	A, B
Mr. Zeng Shiquan (appointed on 28 March 2018)	A, B
Mr. Yip Tai Him (resigned on 28 March 2018)	A, B

A: watching training broadcasts
B: reading materials

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee on 23 April 2010 with written terms of reference in compliance with Code Provision B.1.2 under Appendix 15 of the GEM Listing Rules. With effect from 8 November 2016, Mr. Deng Guozhen has been appointed as the chairman of the Remuneration committee of the Company and Mr. Chan Kin Chun Victor and Mr. Chan Yee Ping Michael have been appointed as members of the Remuneration Committee.

REMUNERATION COMMITTEE (cont'd)

Pursuant to Code Provision B.1.2(c) under Appendix 15 of the GEM Listing Rules, the Company has adopted the model in which the Remuneration Committee will make recommendations to the Board on the remuneration packages of individual executive Director and senior management. The principal responsibilities of the Remuneration Committee include but not limited to the followings:

- To make recommendations to the Board on the remuneration packages of individual executive Director(s) and senior management;
- To evaluate the performance of all Directors and senior management and make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- To review annually the appropriateness and relevance of the remuneration policy;
- To administer the Company's share option schemes as they apply to Directors and/or senior management; and
- To make recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed.

The emoluments of the executive Directors and senior management are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics. No Director is involved in deciding his own remuneration. Details of the Directors' emoluments are set out in note 7 to the consolidated financial statements.

The Remuneration Committee will meet at least once a year. During the financial year ended 31 March 2018, two meetings were held to review and discuss the remuneration and appointment of the Directors and senior management.

NOMINATION COMMITTEE

The Company has established the Nomination Committee on 23 April 2010 with written terms of reference in compliance with Code Provision A.5.2 under Appendix 15 of the GEM Listing Rules. With effect from 8 November 2016, Mr. Chan Kin Chun Victor has been appointed as the chairman of the Nomination Committee and Mr. Yip Tai Him and Mr. Chan Yee Ping Michael have been appointed as members of the Nomination Committee. Following Mr. Yip Tai Him resigned with effective from 28 March 2018, Mr. Zeng Shiquan has been appointed a member of the Nomination Committee in his place.

The principal responsibilities of the Nomination Committee include but not limited to the followings:

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

- To identify individuals suitably qualified to become Directors and select or make recommendations to the Board in this regard;

- To assess the independence of independent non-executive Directors;

- To ensure that no Director or any of his/her associates is involved in approving his/her or any of his associates' nomination;

- To make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors, in particular the chairman and chief executive of the Company; and

- To make recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed.

Board Diversity Policy

Pursuant to the Code, the Board has adopted a board diversity policy in August 2013. The Company recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. All Board appointments are made on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

NOMINATION COMMITTEE (cont'd)

Board Diversity Policy (cont'd)

The Nomination Committee will discuss annually for achieving diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will review the board diversity policy, as appropriate, to ensure the effectiveness of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

During the year under review, the Nomination Committee reviewed the structure, size, composition and diversity of the Board. It also reviewed the re-election of the Directors by rotation, as well as reviewed the independency of the independent non-executive Directors.

AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration for the financial year under review is presented as follow:

	Fee amount HK$'000
Audit services	896
Non-audit services	100
	996

FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and understandable assessment of annual, quarterly and interim reports and other disclosures required under the GEM Listing Rules and other regulatory requirements. The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2018. Statements of Directors' responsibilities for preparing the financial statements and the external auditor's reporting responsibilities are set out in the Independent Auditor's Report as contained in this annual report.

The Company's external auditor, without qualifying their opinion, draw the users' attention to note 2(d) to the consolidated financial statements indicating the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Please refer to the paragraph headed "Material Uncertainty Related to Going Concern" in the section headed "Independent Auditor's Report" on page 53 of this annual report. The Directors, taking into account of the factors setting out in note 2(d) to the consolidated financial statements, are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

COMPANY SECRETARY

Ms. Lam Kit Yan was appointed as the company secretary of the Company and one of its authorized representatives on 8 November 2016. She has duly complied with the relevant professional training requirements of the GEM Listing Rules during the year under review. The biographical details of Ms. Lam Kit Yan are set out on page 41 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.

The management has adopted a "senior-down" approach in performing this review. This approach requires the reviewer to assess the effectiveness of how management implements, evaluates and monitors risk management and internal control systems from the senior management of the corporate hierarchy down to operational level. An alternative approach would be the "bottom-up" approach which requires the reviewer to examine the checking procedures at the lowest operational level and then work upwards. The management believes that the "senior-down" approach is more appropriate for this exercise as it is more efficient and provides a high-level assurance of the effectiveness of the risk management and internal control systems.

The Board have reviewed and are satisfied with the effectiveness of the Group's risk management and internal control systems, including, in particular, the financial, operational and compliance controls. Such 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.

The Board has reviewed and considered the adequacy of the resources, qualifications and experience of the staff of the Company's accounting and financial reporting functions, and the Company's programmes and budget. The Group does not have an internal audit function. Taking into account the size and complexity of the operations of the Group, the Board considers that the existing organization structure and the close supervision of the management could provide sufficient risk management and internal control for the Group and the Board is of the view that there is currently no need for the Group to have this function.

RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Principal Risks

During the year ended 31 March 2018, the following principal risks of the Group were identified and classified into operational risks, financial risks and compliance risks.

Risk Areas	Principal Risks
Operational Risks	No material risks identified
Financial Risks	No material risks identified
Compliance Risks	No material risks identified

PROCEDURE AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with requirements of Securities & Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") and the GEM Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

DIRECTORS INSURANCE

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to Article 58 of the Articles of Association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition and send to the Company's head office and principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" on page 3 of this annual report) to the Board or the secretary of the Company, to require an extraordinary general meeting 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 twenty-one days of such deposit the Board fails to proceed to convene such meeting the requested shareholder(s) ("Requested Shareholders") himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requested Shareholders as a result of the failure of the Board shall be reimbursed to the Requested Shareholders by the Company.

Enquiries to the Board

Shareholders may at any time make a request in writing with his/her/its detailed contact information and send to the Company's head office and principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" on page 3 of this annual report) for the Company's information to the extent such information is publicly available to the company secretary of the Company who is responsible for forwarding communications relating to matters within the Board and communication relating to ordinary business matters, such as suggestions, inquiries and customer complaints, to the Board.

Putting forward proposals at a general meeting

Shareholders are welcomed to put forward proposals relating to the operations and management of the Group to be discussed at shareholders' meetings. The proposals shall be sent to the company secretary of the Company by a written requisition with his/her/its detailed contact information to the Company's head office and principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" on page 3 of this annual report). Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "Convening an extraordinary general meeting" above.

INVESTOR RELATIONS

During the financial year ended 31 March 2018, there had been no significant change in the Company's constitutional documents.

LOOKING FORWARD

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

ABOUT THIS REPORT

This report is to outline the performances on environmental, social and governance aspects of the Group ("ESG Report"). This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Guide") under Appendix 20 to the GEM Listing Rules and the provisions of "comply or explain" set out therein.

This ESG report covers the Group's overall performance, risks, strategies, measures and commitment in terms of quality of workplace environment, environmental protection, operating practice and community involvement for the business operations of the Group during the reporting period for the year ended 31 March 2018 ("Reporting Period").

During the Reporting Period, the Group was principally engaged in provision of food and beverage services in the Greater China Region, including the restaurants, café and cake shops under the Japanese brand of Italian Tomato, the Japanese Tonkatsu under the brand of Ginza Bairin, the Japanese curry specialty stores under the brand of Shirokuma Curry and the Japanese izakaya under the brand of Enmaru. As at 31 March 2018, we have 40 shops in Hong Kong, 11 shops in the People's Republic of China (the "PRC") and 6 shops in Taiwan. Therefore, unless otherwise stated, this ESG report mainly covers the above operations. All information is from the official documents or statistic reports of the Group.

The Board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

Information about corporate governance structure of the Group and other relevant disclosure, please refer to section headed "Corporate Governance Report" on pages 6 to 18 of this annual report.

MATERIALITY ASSESSMENT

Management and employees of the Group participated in preparing this ESG Report and assessing and reviewing its operating practices with regards to environment, social and governance aspects, as well as how these operating practices are material to our business operations and stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

As an owner of multiple restaurant brands, we aim to provide customers with supreme taste, impressive quality service and pleasant dining experiences. Corporate social responsibility ("CSR") is an integral part of our business strategy and the Board of Directors supports our CSR commitment. We are devoted to running our business in a manner that is economically, socially and environmentally sustainable while balancing the interests of our various internal or external stakeholders and providing reliable and valuable services to society.

STAKEHOLDER ENGAGEMENT

The Group's stakeholders are entities or individuals that can reasonably be expected to be significantly affected by the Group's activities, or whose actions can reasonably be expected to affect the ability of the Group to implement its strategies or achieve its objectives.

The Group's principal stakeholders include its shareholders, loan and debt holders, customers, employees and suppliers. The Group's other stakeholders include government agencies, regulatory bodies, trade associations, public media and local communities etc.

When making decisions about the content of this report, as well as our approach to a topic with material environmental and social impacts, the Group's management considered the reasonable expectations and interests of the Group's stakeholders, an understanding of which was obtained through engaging our stakeholders.

We understand that stakeholder engagement plays a pivotal role to our continuous effort in improving our ESG standard. Therefore, we have built and maintained for our shareholders, customers, employees, suppliers, other stakeholders and all interested parties various communication channels. We also endeavour to provide our stakeholders with clear information about our approaches to business operation and ESG issues. These include, but without limitation to, statutory announcements, circulars, financial reports, shareholders' meetings, corporate websites and electronic correspondences, meetings with our loans and debts providers, on-going customer satisfaction surveys, standing customer feedback and complaint channels, employee interviews and job satisfaction surveys, and meetings and communications with our suppliers.

STAKEHOLDER OPINION

We welcome opinions on the Group's approaches on the environmental, social, and governance aspects upon reading the ESG Report. Please share with us in writing and send to the Company's head office and principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" on page 3 of this annual report) to the Board or the secretary of the Company.

ENVIRONMENTAL ASPECT

We are mindful of the environmental impact of our business operations. We are committed to complying with relevant environmental laws, including the Air Pollution Control Ordinance（《空氣污染管制條例》）, Water Pollution Control Ordinance（《水污染管制條例》）, Waste Disposal Ordinance（《廢物處置條例》）, Public Health and Municipal Services Ordinance（《公眾衛生及市政條例》）and so on.

We enhance our environmental control through inclusion of environmental considerations in our daily operation and raising the environmental awareness amongst our employees. The Group has formulated series of environmental rules and requires its employees to strictly complies with them. The Group's internal environmental policies and measures align with industry standards. We will also keep abreast of any changes in relevant laws and make necessary revision to our internal guidelines.

During the Reporting Period, there was no incident of non-compliance with local relevant environmental laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes that have a significant impact on the Group.

Emissions

1. Air Pollution – Greenhouse Gas

The Group's principal business operations do not involve activities that directly emit greenhouse gas ("GHG") or other air pollutants. However, insignificant as it may be, indirect emission of GHG is generated from our daily operations through fuel consumption of vehicles, electricity and heat consumptions during our business processes to produce and deliver products to customers and in the Group's general administration.

To reduce our carbon footprint, we endeavour to lower energy consumption by keeping monthly record of consumption level for each business entities and closely monitoring emission level. Meanwhile, we encourage employees to switch off idling lights, kitchen appliances and other electronic appliances, improve efficiency of consumption of resources.

Meanwhile, the Group constantly repairs or replaces its kitchen appliances and other electronic appliances, as well as vehicles, so as to prevent excess emission of exhaust gas caused by malfunction of machines, and reduces fuel and electricity consumption. All of the Group's operations comply with the relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions.

2. *Waste Management*

Wastes are considered hazardous if they may pose a substantial harm to human health or the environment when being improperly treated, stored, transported. They are usually toxic, corrosive or persistent in the environment. Examples include wastes with a high content of chemicals or heavy metals, such as discarded vehicle batteries, plating wastes, pesticides, paints, solvents, fluorescent bulbs, lubricant oil, lead, mercury or zinc etc.; biological waste such as microbiological, animal, human blood and blood products; and radioactive wastes.

Handling processes for all wastes generated from production and daily operations are in strict compliance with internal guidelines. While the Group does not discharge hazardous wastes, papers, packaging, food waste and other non-hazardous wastes are the major waste from our restaurant operations and the Group's general administration. In general, recycling and reuse of waste are encouraged under feasible circumstances, while food waste is collected and handled by professional service providers. Internal guidelines are in place to promote efficiency in consuming resources and reducing waste.

Use of Resources

The Company and its various subsidiaries strictly comply with relevant local laws and regulations on environmental protection, set internal guidelines and measures for this purpose, or work in line with the rules of the office buildings, in order to achieve energy saving and consumption reduction, minimizing negative environmental impact of our business operation. There is no issue in sourcing water that is fit for purpose as the Group considers its water consumption level is reasonable. And, as the Group was principally engaged in provision of food and beverage services, data of packaging material used for finished products with reference to per unit produced is not quite applicable to the Group. During the Reporting Period, we have taken various measures, including:

- Using natural sunlight, adjusting the indoor lighting and switching off all idling lights, kitchen appliances and other electronic devices;
- Installing LED lighting system to reduce power consumption;
- Maintaining a suitable indoor air temperature;

- Promoting use of telephone and video conference system to reduce the need of business travel;
- Reducing use of plastic products, disposable utensils and cutlery, foamed polystyrene containers, aluminium foil containers, paper tray liner, cups and lids; and
- Recycling and reusing paper, encouraging double-sided printing.

Environment and Natural Resources

Natural resources are considered renewable if they are replenished by the environment over relatively short periods of time or are almost of unlimited supply. Examples include solar, wind, forests, biomass and most plants and animals. Natural resources are considered non-renewable resources if cannot be easily replenished by the environment or of limited supply. Examples include most minerals, metal ores, fossil fuels, natural gas and groundwater.

Despite the Group's major operations have no significant impact on the environment and natural resources, we, as a responsible corporate, are committed to minimizing such negative impact, and assess environmental risks induced by our operations, in order to formulate relevant measures.

1. *Raising Awareness*

Besides reinforcing environmental measures, the Group also strives to raise employees' awareness of protecting the environment, including issuing internal guidance from time to time and sharing of information about green office initiatives.

2. *Protecting Biodiversity*

We understand the significance of protecting the biodiversity as it boosts ecosystem productivity where each species, no matter how small, all have an important role to play. Hence, it is our goal that our food ingredients are sustainable. For example, certain seafood is purchased from sustainable fishery labelled by MSC (Marine Stewardship Council).

Set out below is the environmental data highlights：

			Financial year 2017/2018	Financial year 2016/2017
Indirect GHG emission	Electricity consumption (CO_2e)	kg	1,587,543	1,598,730
	Gas consumption (CO_2e)	Kg	784,430	782,851
Consumption of resources	Electricity	kWh	3,112,830	2,960,612
	Recycled oil	litre	18,078	7,624
	Water	m^3	32,290	37,419
	Gas	MJ	1,325,051	1,322,383

* The environmental data above covers only the Group's operations in Hong Kong as we were unable to collect relevant statistics from the operations in the PRC and Taiwan in a complete manner during the Reporting Period

SOCIAL ASPECT

Employment and Labour Practices

Employment

We had 218 employees in Hong Kong and 241 employees outside Hong Kong. They are critical to maintaining our competitiveness. We strive to provide them with the work environment where they are respected with satisfaction. Our employees are allowed to learn, grow and succeed at work. Such philosophy has been included in our human resources policies.

Employment contracts set out all the conditions of work including compensation, working time, rest periods, holidays, disciplinary and dismissal practices, maternity and paternity protection, equal opportunity, diversity, anti-discrimination, the workplace environment, occupational health and safety and other benefits and welfare etc, with a view to mitigate the Group's exposure to labour issues and protect employees' rights.

The Employment Ordinance（《僱傭條例》）of Hong Kong, the Labour Law of the PRC（《中華人民共和國勞動法》）, Employment Contracts of the PRC（《中華人民共和國勞動合同法》）, the Labor Standards Act（《勞動基準法》）of Taiwan and other relevant laws and regulations should be upheld.

To cope with increasing turnover rate of employees arising from intensified market competition, we regularly review our staff remuneration level and improve staff welfare. Such increasing turnover rate has also contributed to a higher proportion of part-time employees in our workforce.

During the Reporting Period, there was no incident of non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

1. Equal Opportunities and Diversity

As the employees of the Group are one of the key stakeholders, diversity and equal opportunity form part of our people strategy. We do not enforce any restrictive guidelines on a particular gender of staff employment.

Our employment practices support the building of an inclusive work environment free from discrimination such as gender, age, nationality, sexual orientation, family status, race or religion. Each employee has an equal job opportunity.

2. Employee Communication

We value opinions from our staff. We ensure that discontent and grievances from work are heard and handled in a fair and appropriate manner. Employees are also encouraged to share their views and aspirations for their career and the Group's development.

3. Dismissal

For situations in which an employee has violated the Group's regulations or performed consistently below an acceptable level, a range of procedures to terminate his/her employment contract have been established. Terms and conditions for dismissal are outlined in employment contracts.

Health and Safety

Employees' rights to a healthy and safe workplace are widely recognized and various laws and regulations administered by government agencies and voluntary standards advocated by non-government organizations are in place to protect employees's health and safety. Employees' health and safety issues can be resulted from the use of unsafe equipment, machinery, processes, and practices. They can also be resulted from the use of dangerous substances, such as chemical, physical and biological agents.

To prevent employees' health and safety impacts, it is the Group's policy to require staff at all levels (i) to always be alert to health and safety concerns in the workplace; (ii) to report and communicate all health and safety concerns in the workplace on a timely basis; and (iii) to adhere to all applicable safety laws, regulations and standards.

1. Work Safety

It is a priority that we ensure the health and safety of customers and employees at our restaurants. The Group fully complies with the Occupational Safety and Health Ordinance (《職業安全及健康條例》). Along with internal policies and procedures, the Group has implemented various measures to ensure employees' safety at work. These measures include regular inspections of restaurant and kitchen areas, reviewing of internal safety control systems to identify any risks.

To enhance employees' awareness of occupational health and safety, the Group provides internal and external training and safety meetings for employees. We also participate in fire drills held by different departments or organizations regularly.

Throughout our operations, we encourage our employees, through constant communication, to escalate any risks promptly so that they can be addressed as they arise.

2. Employee Care

We have been encouraging our employees to achieve work-life balance. We aspire that our employees are able to value physical and mental health as we strive to create a harmonious working environment to help relieve their stress. Meanwhile, we provide our employees with information about health and safety to improve their health consciousness.

During the Reporting Period, the Group did not have any non-compliance with laws and regulations in respect of employees' health and safety that have a significant impact on the Group.

Development and Training

We consider growth of our employees as the key to sustainable business growth. We provide employees with a nurturing environment and career development opportunities, including skills development and job training. To promote employees' satisfaction, it is the Group's policy to provide employees with sufficient in-house training courses; whilst encouraging staff to attend external training programs to support career development when relevant.

Training on obligations, duties and responsibilities of directors and senior management of publicly listed companies are also in place. This training is in line with the Securities and Futures Ordinance and the GEM Listing Rules.

We encourage promotion within the Group. All employees enjoy equal opportunities of promotion as their work performance are appraised regularly.

Labour Standard

The Group's internal rules and labour system are made in strict adherence to the Employment Ordinance（《僱傭條例》）and the Regulation on Labour Security Supervision（《勞動保障監察條例》）, the Labour Standards Law（《勞動基準法》）and other applicable laws and regulations. All recruitment process and promotion activities are closely monitored under the Group's human resources management scheme to prevent child labour, forced labour, or any discrimination by race, religion, age or disability. The Group will conduct investigations, punishment or dismissal of relevant employees immediately when any non-compliance is being discovered. If necessary, the Group will further improve the labour mechanism against illegal behaviors.

During the Reporting Period, there was no child or forced labour in the Group's operations.

OPERATING PRACTICES

Supply Chain Management

The suppliers of the Group mainly supplied us with food ingredients, such as meat, seafood, dried food and vegetables. We did not witness any significant change in geographical locations of suppliers. Our suppliers are mainly from Hong Kong, the PRC, Japan and Taiwan.

The Group might be indirectly involved with environmental or social impacts as a result of its business relationships with its suppliers. To prevent negative environmental and social impact in the Group's supply chain, it is the Group's policy that selecting suppliers which have considerations on the social and environment protections as well as comply with the laws, rules and regulations stipulated in the Group's operating regions.

The Group has developed procurement and payables related policies to implement strict standards and procedures in supplier selection. In choosing the right suppliers, we take several standards into considerations, which include quality and safety of food products and materials, delivery time, stable supply, track record, hygiene of food producing facilities, and so on.

We promote fair and open competition, aiming to develop long-term relationship based on mutual trust. We keep a close eye on procurement made by our staff and forbid any practices that are against business ethics. Business relationship with suppliers and business partners are handled and monitored carefully in avoidance of transfer of interests or exploitation of suppliers.

Product Responsibility

Maintaining food safety and quality are integral parts of building strong brands and reputation which contribute significantly to the success of the Group's operations. As such, with strengthened internal guidelines to regulate hygiene and sanitary level, our food safety standards are focused on illness prevention, restaurant food safety and regulation adherence in day-to-day restaurant operations.

Operating great restaurants that meet the highest food safety standards are the core part of our commitment. From food procurement, to food preparation and serving our customers, we are dedicated to offering high-quality dining experience to our customers.

With the Group's sustainable approach to implement its values through food safety, customer care and supply chain management, the Group believes our brands will have bright and promising future.

1. *Customers' Satisfaction*

To improve customers' satisfaction, it is our policy to respond and handle quickly to any customer's complaints. Customers' feedbacks on food quality, dining experience and customer service are valuable as drive forces to keep us working better. To facilitate communication with customers, there are customer feedback forms in our restaurants which encompass food quality, service standard, hygiene condition and the customers' overall dining experience.

2. *Advertising and Labelling*

We carry out marketing and promotional works in an appropriate manner to attract customers. We have been in compliance with all applicable laws and standards enacted by the government and industry associations. We ensure that consumers are provided with sufficient and accurate information on our services to make informed choices.

During the Reporting Period, the Group complied with all relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters.

Anti-corruption

Corruption refers to practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust. Corruption is broadly linked to negative environmental and social impacts, such as damage to the environment, abuse of democracy, misallocation of government investments, and undermining the rule of law.

The Group is expected by the marketplace, international norms, and stakeholders to demonstrate its adherence to integrity, governance, and responsible business practices. The Group's resistance to corruption involves using effective strategies to detect and deter corruption and contributes to our honest business culture. The Group complies with all relevant anti-corruption laws and regulations, such as the Prevention of Bribery Ordinance (《防止賄賂條例》) of Hong Kong, the Criminal Law of the PRC (《中華人民共和國刑法》) and the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》). We have formulated, and strictly implemented our anti-corruption control system.

Whistle-blowing policy

The Group encourages its employees, suppliers, customers and other stakeholders to report any misconduct. We will promptly carry inspection and take necessary measures protecting the identity of the whistleblower.

During the Reporting Period, we had not identified any non-compliance in relation to corruption, bribery, extortion, fraud and money laundering, which had a significant impact on the Group. The Group will regularly review its internal anti-corruption system and improve it when necessary.

COMMUNITY

Community Investment

Based in Hong Kong, the Group has been strived to "reward the community" in different ways. The Group values its corporate social responsibility by dedicating to improve its staff awareness of community care.

The Group proactively seeks to promote the spirit of corporate social responsibility within the Group by organizing or participating in appropriate community activities. Through these events, we encourage our employees to contribute to the community so as to help the person in need and improve the relationship among staff, enterprise and community.

Management Discussion and Analysis

The Group's audited revenue for the year ended 31 March 2018 amounted to approximately HK$305.5 million (2017: approximately HK$336.4 million), representing a decrease of approximately 9.2% compared with the last financial year. Net loss attributable to owners of the Company decreased by approximately HK$9.6 million to approximately HK$37.7 million compared with the last financial year.

INDUSTRY OVERVIEW

The global economy continued to be plagued by uncertainties. Since October 2017, the Federal Reserve of the United States ("US") gradually raised the interest rate and began to shrink its balance sheet. The widened interest rate gap between the US and Hong Kong, coupled with the continuous currency carry trade, resulted in the weakened exchange rate of Hong Kong dollars and the pressure of capital outflow. Geopolitical risks continued to amplify, where the joint military force of US-British-French launched strikes on Syria, and the tension between US and Russia intensified, and the Sino-US trade war is heated up, further fueling uncertainties over the global economy.

With a steady development in national economy, China's gross domestic product ("GDP") increased by 6.8% during the first quarter of 2018, in line with market expectations. The sustained economic growth was mainly driven by consumption. The key economic indicators have been improving steadily. China's per capita disposable income continued to rise, promoting the growth of the food and beverage ("F&B") industry. Last year, revenue in the F&B segment increased by 10% nationwide, the consumption amounted to nearly RMB4 trillion. However, the Internet continued to infiltrate into the F&B industry and changed the consumption pattern. As a result, the traditional F&B industry also faced certain challenges.

At the local level, during the year 2017, the local GDP went up by 3.8% over that of 2016, marking the fifth consecutive quarter of the thriving trend. Retail market gradually picked up as the number of visitors to Hong Kong improved and the local consuming power increased. Demand in the rental market in the core area rebounded, with the rents of shops regained its upward trend after 13 consecutive quarters of falling prices. During the review period, food prices in the PRC have seen a moderate increase and the increase in minimum wage together have put pressure on operating costs. At the same time, the local consumption pattern and the F&B industry were trending towards a digital transformation. The online-to-offline platform has developed rapidly, and take-away services grew faster than the entity stores. In face of this debilitated business environment, the F&B industry remained challenging.

The majority of the Group's revenue was derived from the provision of F&B services in Hong Kong. However, the local F&B sector has a certain level of reliance on Chinese mainland visitors due to Hong Kong's close linkage with the PRC. We have been influenced by a changing consumption pattern from mainland visitors and the slowed down consumption growth. Hong Kong's F&B sector strives to cope with these economic headwinds, in order to improve the situation of continued margin squeeze.

BUSINESS REVIEW

High rental and labour costs are inevitable challenges to most industries without exception to the F&B industry, in which high food and utilities costs, and high labour turnover are additional challenges. Customers are price sensitive and their preferences are ever changing, the competition in F&B industry is always intense, a small number of profit-making participants are working hard to maintain their profits while most of the rest market participants are primarily striving hard for survival. The Group overcome another tough year, however, we have to keep abreast of developing trends and changing consumption patterns, in particular, the challenges from the rapid rise of e-commerce and online-to-offline deliveries. Amid this unfavorable business environment in recent years, we continue to strive for survival and growth, through strengthening our attractiveness to new and old customers and hence retaining loyal customers, by frequent menu revamping and consistent provision of quality food and services.

The Group's F&B businesses are a collection of Japanese food-related concepts in the Greater China region, including the restaurants, café and cake shops under the Japanese brand of Italian Tomato, the Japanese Tonkatsu under the brand of Ginza Bairin, the Japanese curry specialty stores under the brand of Shirokuma Curry and the Japanese Izakaya under the brand of Enmaru.

Italian Tomato, our major brand of restaurants, café and cake shops, is still a big contributor to the Group's revenue. Through years of effort on product innovation, menu re-engineering and customer relationships, Italian Tomato has already a well-recognized brand in Hong Kong. Leveraged on our success in Hong Kong, we expanded Italian Tomato's network to the PRC and Taiwan. During the year under review, the total shop number decreased from 43 to 41. In Hong Kong, the closure of 1 café shop in the first quarter has no material effect to Italian Tomato, whereas the results of Hong Kong operation has a slight improvement, however, the management certainly does not satisfy this performance. In the PRC, the operation is scaled down from 4 shops to 1 shop in Shanghai. The management believes that after years of establishment and presence in Hong Kong and the PRC, a thorough repositioning is needed for Italian Tomato. On the other side of Taiwan Strait, we has a slight growth by opening 1 new cake shop during the year under review and the shop number is increased from 5 to 6.

Ginza Bairin, the Japanese Tonkatsu, maintains 2 shops in Hong Kong and 1 shop in the PRC as at 31 March 2018. As the first shop in Shanghai, after years of operation, is closed for renovation for a period of time, the revenue of this brand is lower than last year and the management hopes to catch up the revenue next year as the renovation has been completed and the shop has been reopened in the late December 2017, therefore better contribution to the Group is expected in the coming quarters.

Shirokuma Curry has no material change during the year under review and maintains 2 shops in Hong Kong and 7 shops in the PRC as at 31 March 2018. Meanwhile, its licensing business has made good progress and has 5 franchise shops as at 31 March 2018. As Shirokuma's network becomes larger, the management needs more concentration on its quality control as it will be a huge challenge to advance the franchise system. Although the history of Shirokuma Curry license operation is still short, its long term growth is optimistic.

Enmaru, the Japanese Izakaya, still encounters with stiff competition but manages to keep 2 shops in Hong Kong and 2 shops in the PRC as at 31 March 2018. Shortage of Japanese staff is a problem to the growth of Enmaru, the management is actively searching for Japanese staff because Japan element is important to this dining concept. Enmaru's current contribution to the Group is not satisfactory, the management hopes Enmaru can regain its growth once an innovative dining ambiance is created to this brand.

FUTURE PROSPECTS

Looking ahead, management will further develop brand identity and enhance brand value of its restaurants, and at the same time strengthen its relationship with customers and enhance its attractiveness to returning and new customers. Although the business environment is still full of challenges, the Group will continue to keep abreast of the consumer market trends, and innovate and enrich its food offerings while controlling operating costs, and striving to provide customers with quality consumer experience. With the completion of large-scale transportation infrastructure such as the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou–Shenzhen–Hong Kong express rail link, a one-hour living circle within the Pearl River Delta area can be achieved, thus attracting more visitors to Hong Kong and boosting the demand within the local F&B industry.

On 25 April 2018, Oceanic Fortress Holdings Limited has acquired from Win Union Investment Limited, a company incorporated in the British Virgin Islands ("BVI") with limited liability and is ultimately and beneficially owned by Mr. Chan Kin Chun Victor, the Chairman and executive Director of the Company, its entire shareholding in the Company (being an aggregate of 2,172,417,439 ordinary shares of the Company, representing approximately 52.14% of the entire issued share capital of the Company as at the date of this annual report). The management is optimistic about achieving the sales target with the assistance of strong supports and resources of the new controlling shareholder, along with driving forces for growth in the coming year.

The Group intends to continue its existing principal businesses. The management will keep reviewing the existing businesses and the financial positions of the Group for the purpose of exploring business opportunities and diversifying its business scope. The management will actively explore industries so as to diversify its business risks and increase shareholder returns, create new growth points, and establish a new milestone in the development of the Group.

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2018, the Group recorded a total revenue of approximately HK$305.5 million (2017: approximately HK$336.4 million), representing a decrease of approximately 9.2% compared with the previous year.

Net loss attributable to owners of the Company was approximately HK$37.7 million (2017: approximately HK$47.3 million).

Gross profit

The gross profit margin from the operations of the Group was approximately 66% (2017: approximately 66%).

Expenses

Total operating expenses for the operations decreased by approximately 13.6% to approximately HK$227.6 million (2017: approximately HK$263.3 million). The decrease was in line with the decrease of revenue, in addition, the decrease was also attributable to the tighten control on expenditure such as reduction of headcounts of key management and reduction of legal and professional fees due to less corporate actions were underwent by the Company during the year ended 31 March 2018.

Financial resources and liquidity

During the year under review, the Group generally relied on internal funds and facilities granted by its bankers; loans from the sole beneficial owner of the convertible bonds issued by the Company (who is also a former executive Director of the Company); and fund raised from rights issue to finance its operation.

As at 31 March 2018, the Group's current assets amounted to approximately HK$145.0 million (2017: approximately HK$61.1 million) of which approximately HK$108.1 million (2017: approximately HK$22.2 million) was cash and bank deposits, approximately HK$32.2 million (2017: approximately HK$33.1 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to approximately HK$216.0 million (2017: approximately HK$173.4 million), including creditors, accruals and deposits received in the amount of approximately HK$170.4 million (2017: approximately HK$49.1 million). The increase of creditor, accruals and deposits received was mainly due to the change in the classification of loans provided by Mr. Tang Sing Ming Sherman ("Mr. Tang"). Mr. Tang, who resigned as the Chairman and executive Director of the Company with effect from 8 November 2016, was a connected person as at 31 March 2017. Loans from Mr. Tang were classified as other loans and included in "Creditors, accruals and deposits received" as at 31 March 2018, while it was classified as loans from a connected person as at 31 March 2017.

As at 31 March 2018, as the convertible bonds amounted to approximately HK$39.8 million (2017: approximately HK$39.3 million) will mature within twelve months, it was treated as current liabilities in this financial year whereas it was included in non-current liabilities in last financial year.

The current ratio and quick assets ratio as at 31 March 2018 were 0.67 and 0.65 respectively (2017: 0.35 and 0.32 respectively). As at 31 March 2018, the debt-to-equity ratio was 10.21. As the Company incurred net liabilities as at 31 March 2017, there is no debt-to-equity ratio, which is expressed as a ratio of total debts less cash and bank balances to total equity, to be calculated.

Foreign exchange

During the years ended 31 March 2018 and 31 March 2017, the Group conducted commercial transactions in the PRC and Taiwan denominated in Renminbi and New Taiwan Dollar respectively. Fluctuations in exchange rates of Renminbi and New Taiwan Dollar against Hong Kong Dollar could affect the Group's results of operations.

During the years ended 31 March 2018 and 31 March 2017, no hedging transactions or other exchange rate arrangements were made.

Charges on the Group's assets

No Group's assets which had been pledged or charged as at 31 March 2018.

Except for the assets pledged as security for obligations under the finance leases as at 31 March 2017, no Group's assets which had been pledged or charged as at 31 March 2017.

Capital commitments

As at 31 March 2018 and 31 March 2017, the Group did not have material capital commitment.

Contingent liabilities

As at 31 March 2018 and 31 March 2017, the Group did not have material contingent liabilities.

Employees and remuneration policies

As at 31 March 2018, the Group had 459 employees in Hong Kong, the PRC and Taiwan (2017: 638 employees in Hong Kong, the PRC and Taiwan). The remuneration of employees of the Group is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward of their contributions. Other fringe benefits such as medical subsidies, medical insurance, education/training subsidies and pension fund plans are offered to most employees. In prior years, share options were granted at the discretion of the Board under the terms and conditions of the new share option scheme adopted on 20 July 2012 as well as the previous share option scheme adopted on 26 February 2003. No share option was granted during two years ended 31 March 2018 and 2017 and as at that dates, there was no outstanding share option.

RIGHTS ISSUE

On 27 April 2017, the Company announced that it proposed to raise approximately HK$100 million, before expenses, by way of allotting and issuing 1,388,725,000 rights shares (the "Rights Shares") by way of rights issue (the "Rights Issue") at the subscription price of HK$0.072 per Rights Shares, on the basis of one (1) Rights Shares for every two (2) existing Shares held on 19 May 2017.

Completion of the Rights Issue took place on 14 June 2017, where an aggregate of 1,388,725,000 Rights Shares, representing approximately 33.33% of the issued share capital of the Company (as enlarged by the allotment and issue of the Rights Shares), have been issued. The aggregate nominal amount of the Rights Shares is HK$13,887,250. A premium of HK$0.062 per Rights Share for cash, the excess of the subscription price over the par value of the shares issued upon the Rights Issue, totalling approximately HK$86,101,000 was credited to the share premium account of the Company.

For more details of the Rights Issue, please refer to the prospectus of the Company dated 22 May 2017 (the "Rights Issue Prospectus") and the announcement of the Company dated 13 June 2017 in relation to the results of the Rights Issue.

ADJUSTMENTS IN RELATION TO THE CONVERTIBLE BONDS

Pursuant to the terms and conditions of the convertible bonds, the conversion price of the outstanding convertible bonds has been adjusted from the initial conversion price of HK$0.08 per ordinary share to HK$0.07 per ordinary share as a result of the Rights Issue. As such, a total of 571,428,571 ordinary shares will be issued to Mr. Tang upon full conversion of the convertible bonds, assuming that the adjusted conversion price of HK$0.07 per share will remain as at the time of conversion. The above adjustment to the conversion price has been reviewed by PKF, the auditor of the Company, and took effect on 22 May 2017.

Save and except for the adjustment to the conversion price, all other terms of the convertible bonds remain unchanged.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

Among the net proceeds of the Rights Issue approximately HK$99 million, as at 31 March 2018, approximately HK$8.2 million has been used as the Company's corporate expenses, comprising (i) approximately HK$1.6 million as Directors' remuneration and staff cost; (ii) approximately HK$0.8 million as rental expenses; (iii) approximately HK$0.6 million as compliance and professional fee; (iv) approximately HK$0.9 million for general office expenses; and (v) approximately HK$4.3 million as the settlement of the Company's payable in relation to the corporate expenses.

Summary of use of net proceeds

Use of net proceeds	Total planned amount to be used HK$' million	Actual amount utilized up to 31 March 2018 HK$' million	Actual balance as at 31 March 2018 HK$' million
Operation and expansion of the existing F&B business	29.00	–	29.0
Company's corporate expenses	20.00	8.2	11.8
Repayment of bank loans	15.00	–	15.0
Potential investment opportunities	35.00	–	35.0
	99.00	8.2	90.8

During the year ended 31 March 2018, the Group pursued a prudent yet efficient network expansion strategy. Some restaurant brands of the Group expanded numbers of shops while some reduced the numbers. Internal funds of the Group was sufficient to meet the needs for the expansion, hence the net proceeds from the Rights Issue reserved for operating and expanding existing F&B business had not been utilized.

In addition, the Group continued using its internal funds to repay regular bank loans. The Group had not utilized the net proceeds from the Rights Issue intended for bank loan repayment during the year ended 31 March 2018.

As at 31 March 2018, the Group was still under negotiations for acquiring a Chinese restaurant chain and the use of patent licenses regarding nano electricity generator technology. While we had not entered into any agreements nor memorandum of understanding for any acquisitions, the net proceeds from the Rights Issue for potential investment opportunities purpose were still reserved.

As a result, approximately HK$90.8 million of the net proceeds from the Rights Issue remained unutilized as at 31 March 2018. This remaining balance is kept in the Company's bank account and the Directors still intend to utilize such proceeds as stated in the Rights Issue Prospectus.

The Directors will constantly evaluate the Group's business objectives and may change or modify the plans against the changing market condition to suit the business growth of the Group. Further announcement(s), in respect of redeploying the allocation and use of Rights Issue proceeds, if any, will be made in accordance with the requirements of the GEM Listing Rules as and when appropriate to update its shareholders and potential investors.

EVENTS AFTER THE REPORTING PERIOD

Mandatory unconditional cash offer

References are made to the joint announcements of the Company and Oceanic Fortress Holdings Limited (the "Offeror") dated 25 April 2018, 16 May 2018, 25 June 2018 and 26 June 2018, respectively. Unless otherwise specified, capitalized terms used herein shall have the same meanings as those defined in these joint announcements.

On 23 April 2018, the Company was informed by Win Union Investment Limited (the then controlling shareholder of the Company) (the "Vendor" or "Win Union") that, on 23 April 2018, the Offeror entered into the Sale and Purchase Agreement with the Vendor and the Vendor Guarantor, pursuant to which the Offeror conditionally agreed to purchase, and the Vendor conditionally agreed to sell an aggregate of 2,172,417,439 Shares of the Company, representing approximately 52.14% of the entire issued share capital of the Company at the date of this annual report (the "Acquisition"). The completion of the Acquisition (the "Completion") took place on 25 April 2018 in accordance with the terms of the Sale and Purchase Agreement. The Offeror is an investment holding company incorporated in BVI with limited liability and as at the date of this annual report, and is wholly owned by Ms. Huang Li ("Ms. Huang"), who is also the sole director of the Offeror.

Following the Completion, the Offeror and the parties acting in concert with it were interested in, held, and/ or controlled 2,172,417,439 Shares, representing approximately 52.14% of the total issued share capital of the Company as at the date of this annual report. Accordingly, pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, the Offeror was required to make a mandatory unconditional cash offer to acquire all of the issued shares of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) (the "Share Offer").

Details of the Acquisition and the Share Offer are set out in the joint announcements of the Company dated 25 April 2018, 16 May 2018, 25 June 2018 and 26 June 2018, respectively.

Proposed change of the Board composition

The Board is currently made up of five Directors, comprising two executive Directors, being Mr. Chan Kin Chun Victor and Mr. Zheng Hua; and three independent non-executive Directors, being Mr. Chan Yee Ping Michael, Mr. Deng Guozhen and Mr. Zeng Shiquan.

As disclosed in the joint announcement of the Company dated 25 April 2018, Mr. Chan Kin Chun Victor tendered his resignation from the position as executive Director, Chairman and authorized representative of the Company upon Completion with effect upon the later of (i) the date immediately after the Share Offer Closing Date in compliance with the Takeovers Code; and (ii) the earliest time permitted under (or pursuant to any dispensation from) the Takeovers Code, the GEM Listing Rules or other rules or regulations applicable to the Company or by the SFC (the "Effective Date"). The Offeror intends to nominate Mr. Huang Chao（黃超）("Mr. Huang"), the son of Ms. Huang, as the new executive Director and Chairman to the Board and authorized representative of the Company and such appointments will take effect on the Effective Date. Any changes to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and a separate announcement will be made in this regard as and when appropriate.

Mr. Huang, aged 30, obtained a degree of bachelor of commerce – professional accounting from the Macquarie University in April 2012. He joined Shenzhen Oceania Printing Company Limited ("Shenzhen Oceania") as a consultant in international market in July 2012 for a term of four years until July 2016, and started to gain access to and possessed knowledge and experience in the paper packaging industry when he joined Shenzhen Oceania. Mr. Huang was a non-executive Director of Beijing Enterprises Clean Energy Group Limited (formerly known as Jin Cai Holdings Company Limited) (stock code: 1250) the issued shares of which are listed on the main board of the Stock Exchange from June 2013 to May 2015. Save as mentioned above, during the three years preceding the date of this annual report, Mr. Huang did not hold any directorship in any public companies whose securities are listed on a stock exchange or any other major appointments.

Mr. Zheng Hua, who is the brother-in-law of Ms. Huang, is the uncle of Mr. Huang.

Loan agreement

As disclosed in the joint announcement dated 25 April 2018, the Offeror has entered into a loan agreement with the Company to provide an unsecured two-year term loan of HK$30 million at the best lending rate as published by the Hongkong and Shanghai Banking Corporation Limited in its Hong Kong web site from time to time (www.hsbc.com.hk) to the Company after the Completion.

Memorandum of loans

On 22 June 2018, the lender of other loans signed a memorandum of loans with a subsidiary of the Company (the "Borrower"), pursuant to which the outstanding other loans balance of approximately HK$115,037,000 as at 22 June 2018 will be repayable by the Borrower on 22 June 2019.

EXECUTIVE DIRECTORS

Mr. Chan Kin Chun Victor

Mr. Chan Kin Chun Victor, aged 59, joined the Group in November 2016, is an entrepreneur who has been engaging in the garment manufacturing industry for 28 years. The business of Mr. Chan is mainly located in Jiangxi province, the PRC. Mr. Chan did not hold any other directorships in the last three years in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Zheng Hua

Mr. Zheng Hua, aged 58, joined the Group in November 2016, graduated from the Department of Geology of Northwest University（西北大學）with a major in petroleum and natural gas geology in January 1982. Mr. Zheng was qualified as a geologist by 青海石油管理局 (Qinghai Petroleum Management Bureau*) in April 1991. He was also qualified as a senior engineer by the Personnel and Labour Protection Office of Hainan Province（海南省人事勞動廳）in March 1995. He acted as the chief executive officer from June 2013 to May 2015 of Beijing Enterprises Clean Energy Group Limited (formerly known as Jin Cai Holdings Company Limited) (Stock Code: 1250), the securities of which are listed on the Main Board of the Stock Exchange, in which Mr. Zheng was responsible for the general management and daily operation. Mr. Zheng has more than 16 years of experience in the paper packaging industry in the PRC. He was a director of a cigarette packaging company named Shenzhen Oceania Printing Company Limited ("Shenzhen Oceania") in the PRC from November 2001 to August 2012 and has been the general manager of Shenzhen Oceania from August 2012 to November 2016, responsible for implementing the policy of the board of Shenzhen Oceania and the general management of Shenzhen Oceania.

Before joining Shenzhen Oceania in 2001, Mr. Zheng assumed various positions from 1982 to 1989, including being the assistant engineer of 石油部青海石油管理局鑽井公司辦公室 (Qinghai Petroleum Management Bureau Well-drilling Company Office, Ministry of Petroleum*) and the head of 青海省重工廳辦公室 (Ministry of Heavy Industry Office, Qinghai Province*). From 1990 to 1995, Mr. Zheng was the project manager of 中國石油開發公司海南公司 (China Petroleum Exploration Company Hainan Company*) and 海南省燃化總公司 (Hainan Province Combustion Headquarter*). Mr. Zheng was the senior engineer and the manager of 南方石油勘探開發有限責任公司 (South Oil Exploration and Development Co., Ltd.*) from 1996 to 2001.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yee Ping Michael

Mr. Chan Yee Ping Michael, aged 41, joined the Group in November 2016. Mr. Michael Chan has more than 11 years of experience in the areas of audit, financial management, corporate secretarial management and corporate governance. He graduated from The Hong Kong Polytechnic University with an honour bachelor's degree in accountancy. He is currently a director of MCI CPA Limited, a certified public accountant firm in Hong Kong. He is currently serving as an independent non-executive directors for three companies whose shares are listed on the Main Board of the Stock Exchange, namely China Sandi Holdings Limited (Stock Code: 910) since July 2014, China Renji Medical Group Limited (Stock Code: 648) since July 2014 and Tic Tac International Holdings Company Limited (Stock Code: 1470) since September 2017. He also acts as a company secretary of two companies whose shares are listed on the Main Board of the Stock Exchange, namely China Sunshine Paper Holdings Company Limited (Stock Code: 2002) since 2013 and Northeast Electric Development Company Limited (Stock Code: 42) since 2012.

He served as an independent non-executive director of Yueshou Environmental Holdings Limited (Stock Code: 1191) whose shares are listed on the Main Board of the Stock Exchange from October 2013 to July 2014. He also acted as a company secretary of Birmingham International Holdings Limited (Stock Code: 2309) whose shares are listed on the Main Board of the Stock Exchange from June 2015 to October 2016.

Mr. Deng Guozhen

Mr. Deng Guozhen, aged 63, joined the Group in November 2016. Mr. Deng graduated from 湖北廣播電視大學 (HuBei Radio and TV University*) in the PRC specializing in industrial and commercial enterprises management. Since April 2003, Mr. Deng has served as a director of a tax agency in the PRC. Mr. Deng did not hold any other directorships in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Zeng Shiquan

Mr. Zeng Shiquan, aged 71, joined the Group in March 2018. Mr. Zeng graduated from the department of economics of Wuhan University（武漢大學）in July 1970. He graduated from Sun Yat-sen University（中山大學）as a postgraduate in political economy in December 1981. He was accredited as a senior economist by 深圳市職稱改革領導小組 (Shenzhen City Job Title Reform Leadership Unit*) in February 1993. Mr. Zeng passed the Training Course for Independent Directors of Listed Companies（上市公司獨立董事培訓班）jointly held by The Securities Association of China（中國證券業協會）and the School of Management, Fudan University（復旦大學管理學院）in July 2003.

INDEPENDENT NON-EXECUTIVE DIRECTORS (cont'd)

Mr. Zeng Shiquan (cont'd)

From November 2013 to July 2017, Mr. Zeng has been appointed as an independent director of Shenzhen Kedali Industry Co., Ltd.（深圳市科達利實業股份有限公司）, whose shares are listed on the Shenzhen Stock Exchange (Shenzhen Exchange stock code: 002850). From June 2013 to May 2015, Mr. Zeng was appointed as an independent non-executive director of Beijing Enterprises Clean Energy Group Limited（北控清潔能源集團有限公司）(formerly known as Jin Cai Holdings Company Limited（金彩控股有限公司）), whose shares are listed on the Main Board of The Stock Exchange (Stock code: 01250). From January 2016 to February 2016, Mr. Zeng was appointed as an independent non-executive director of Aurum Pacific (China) Group Limited（奧栢中國集團有限公司）, whose shares are listed on GEM of the Stock Exchange (Stock code: 08148). Mr. Zeng has been appointed as an independent non-executive director of Tourism International Holdings Limited（旅業國際控股有限公司）(formerly known as Jia Yao Holdings Limited（嘉耀控股有限公司）, shares of which are listed on the Main Board of the Stock Exchange (stock code: 01626).

SENIOR MANAGEMENT

Ms. Lam Kit Yan

Ms. Lam Kit Yan, aged 43, joined the Group in 2016. She is the company secretary and chief financial officer of the Company, responsible for compliance of the Company and financial management of the Group. She is a fellow member of the Hong Kong Institute of Certified Public Accountants, a certified tax adviser and is a fellow member of The Taxation Institute of Hong Kong. She obtained a degree of bachelor of business administration from The Chinese University of Hong Kong and has worked for international audit firms and various companies with extensive experience in financial reporting, auditing, mergers and acquisitions, compliance and initial public offerings. She was appointed as an independent non-executive director of Lapco Holdings Limited, shares of which are listed on GEM Board of the Stock Exchange (stock code: 08472) on 18 July 2017. She had been the company secretary, chief financial officer and the authorized representative of Beijing Enterprises Clean Energy Group Limited (formerly known as Jin Cai Holdings Company Limited) (stock code: 1250) the issued shares of which are listed on the Main Board of the Stock Exchange from June 2013 to May 2015. From January 2016 to February 2016, Ms. Lam has been appointed as an executive director and company secretary of Aurum Pacific (China) Group Limited (Stock code: 08148), whose shares are listed on GEM of the Stock Exchange.

Mr. Lam Yiu Chung Billy

Mr. Lam Yiu Chung Billy, aged 49, joined the Group in 2010. He is responsible for the operation of overseas business and development as well as the operation and development of Japanese cuisines of the Group. Prior to joining the Group, he has acquired substantial experience in the operation and management of hospitality industry especially in franchise operations and development. Mr. Lam holds a Higher Diploma in Hotel and Catering Management from The Hong Kong Polytechnic.

Directors' Report

The Directors are pleased to present to the shareholders their annual report together with the audited consolidated financial statements for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company during the year ended 31 March 2018 was investment holding and those of the subsidiaries are set out in note 12 to the consolidated financial statements. The principal activities of the Group are provision of food and beverage services.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a description of the principal risks and uncertainties faced by the Group and an indication of likely future development in the Group's business, can be found in the section headed "Management Discussion and Analysis" on pages 30 to 38 of this annual report. A description of the Group's corporate governance and the Group's risk management and internal control systems is provided in the section headed "Corporate Governance Report" on pages 6 to 18 of this annual report. A discussion on the Group's environmental policies, relationships with its key stakeholders and the relevant laws and regulations that have a significant impact on the Group are provided in the section headed "Environmental, Social and Governance Report" on pages 19 to 29 of this annual report. This discussion forms part of this Directors' report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2018 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 58 to 122.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2018.

FINANCIAL SUMMARY

The summary of the results of the Group for each of the five years ended 31 March 2018 and the assets and liabilities of the Group as at 31 March 2014, 2015, 2016, 2017 and 2018 are set out on pages 123 and 124. This summary does not form part of the audited financial statements.

PLANT AND EQUIPMENT

The Group purchased and disposed of plant and equipment in the amount of approximately HK$5,538,000 and approximately HK$12,347,000, respectively, during the year ended 31 March 2018. Detailed movements in plant and equipment of the Group are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 20(a) to the consolidated financial statements.

CONVERTIBLE BONDS

Details of the convertible bonds are set out in note 25 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 62 and note 21 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company's reserves that are available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately HK$25.1 million (2017: Nil).

DIRECTORS' INTERESTS IN CONTRACTS

Mr. Chan Kin Chun Victor, an executive Director and the chairman of the Company, is the beneficial owner of the entire issued share capital of Win Union and therefore has an interest in the underwriting agreement on relation to the Rights Issue dated 26 April 2017 entered into between the Company and Win Union as the underwriter in relation to the Rights Issue.

Save as disclosed above and in note 31 to the consolidated financial statements, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

The details of connected transactions during the year under the GEM Listing Rules are set out in note 31 to the consolidated financial statements. These connected transactions fall under the definition of "connected transaction" in Chapter 20 of the GEM Listing Rules and the Company confirmed that it had complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Mr. Chan Kin Chun Victor *(Chairman)*
Mr. Zheng Hua

Independent non-executive Directors

Mr. Chan Yee Ping Michael
Mr. Deng Guozhen
Mr. Zeng Shiquan (appointed on 28 March 2018)
Mr. Yip Tai Him (resigned on 28 March 2018)

In accordance with the Articles of Association of the Company, any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company. And in accordance with the Articles and Association of the Company and the GEM Listing Rules, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. As such, Mr. Zeng Shiquan and Mr. Deng Guozhen shall all be subject to retirement by rotation and, being eligible, shall offer themselves for re-election at the annual general meeting of the Company.

The term of independent non-executive directorships of Mr. Chan Yee Ping Michael and Mr. Deng Guozhen under each of their respective letter of re-appointment is one year from 8 November 2017 to 7 November 2018 and Mr. Zeng Shiquan is one year from 28 March 2018 to 27 March 2019 unless terminated by either party giving to the other not less than one month's notice in writing.

The executive Directors, Mr. Chan Kin Chun Victor and Mr. Zheng Hua, had re-entered into a service contract for one year commencing from 8 November 2017 and renewable thereafter subject to compliance with relevant laws and regulations including the GEM Listing Rules. The said service contract may be terminated by either party at any time by giving to the other not less than one month written notice.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (cont'd)

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

Each of the independent non-executive Directors has confirmed his independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules as at 31 March 2018 and the Company considers the independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 39 to 41 of this Annual Report.

SHARE OPTIONS

The Company has adopted a share option scheme on 26 February 2003 ("Old Share Option Scheme") and a share option scheme on 20 July 2012 ("New Share Option Scheme") (collectively referred to as "the Share Option Schemes"). The Old Share Option Scheme has terminated on the date when the New Share Option Scheme came into effect, while the provisions of the Old Share Option Scheme shall remain in force and all existing options granted under the Old Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance therewith. The details of the Share Option Schemes are as follows:

Share Option Schemes

The purpose of the Share Option Schemes is to provide the participants with an opportunity to acquire equity interests in the Company, thus providing them with an incentive to continue contributing to the success of the Company.

Subject to the terms of the Share Option Schemes, the committee (the "Committee") which was authorized and charged by the Board with the administration of the Share Option Schemes may, at any time, offer to grant to any employee, agent, consultant or representative of the Company or any of its subsidiaries, including any executive or non-executive Director of the Company or any subsidiary of the Company who, the Committee may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his or her performance and/or years of service, or is regarded as valuable human resources of the Group based on his or her work experience, knowledge in the industry and other relevant factors, options (the "Share Options") to subscribe for such number of shares as the Committee may determine at the exercise price.

SHARE OPTIONS (cont'd)

Share Option Schemes (cont'd)

The maximum number of shares to be issued in respect of which options may be granted (together with shares in respect of which options are then outstanding under the Share Option Schemes or any other schemes of the Company) under the Share Option Schemes shall not exceed such number of shares as shall represent 30% of the issued share capital of the Company from time to time.

The maximum entitlement for any one participant (including exercised, cancelled and outstanding options) granted or to be granted in any twelve months period shall not exceed 1% of the total number of shares in issue, provided that options may be issued in excess of such limit if the new grant exceeding 1% of the total number of shares in issue shall have been approved by shareholders of the Company in a general meeting at which the proposed grantee and his associates shall have abstained from voting.

Options may be exercised in whole or in part in the manner provided in the Share Option Schemes by a grantee (or, as the case may be, by his or her legal personal representative) giving notice in writing to the Company after it has vested at any time during the period (the "Option Period"), which shall be not more than ten years from the date an option is offered (the "Offer Date"). No performance target is required to be reached by the participant before any option can be exercised.

A sum of HK$1 is payable by the participant on acceptance of the option offer.

The exercise price for the shares (the "Exercise Price") in relation to options to be granted under the Share Option Schemes shall be determined by the Committee and notified to a participant and shall be at least the higher of:

(i) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date; and

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date,

provided that the Exercise Price shall not be lower than the nominal value of the shares.

No share option was granted during two years ended 31 March 2018 and 2017 and as at that dates, there was no outstanding share option.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2018, so far as the Directors were aware, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) Interest or short positions in the shares

Name	Capacity/ nature of interest	Number of shares interested	Approximately percentage of interest in the issued share capital %
Mr. Chan Kin Chun Victor (“Mr. Chan”) (Note 1)	Interest of controlled corporations and beneficial owner	2,172,417,439 (L) 2,106,417,439 (S)	52.14 50.56

Notes:

1. 2,172,417,439 ordinary shares of the Company are held by Win Union, which is wholly-owned by the Mr. Chan, an executive Director of the Company.

2. Out of the 2,172,417,439 ordinary shares of the Company held by Win Union, 2,106,417,439 ordinary shares are pledged to STI LSN 1 Limited, which is wholly-owned by Mr. Tung Sun Tat Clement. By virtue of the SFO, Mr. Chan is deemed to have a short position in those shares.

3. “L” denotes a long position whilst the letter “S” denotes a short position.

4. Based on 4,166,175,000 ordinary shares of the Company in issue as at 31 March 2018.

5. Subsequent to 31 March 2018, Win Union sold an aggregate of 2,172,417,439 ordinary shares of the Company (the “Disposal”), representing approximately 52.14% of the entire issued share capital of the Company and the 2,106,417,439 ordinary shares of the Company as pledged to STI LSN 1 Limited has been released accordingly. Details of the Disposal are set out in the paragraph headed “Mandatory unconditional cash offers” in the section headed “Management Discussion and Analysis” on pages 30 to 38 of this annual report.

(b) Interests in associated corporations of the Company

Name	Name of associated corporation	Nature of interest	Interest in shares (note)	Approximate percentage of shareholding %
Mr. Chan	Win Union	Beneficial owner	1 (L)	100.00

Note: The letter "L" denotes a long position in the shares.

Save as disclosed above, as at 31 March 2018, so far as the Directors were aware, none of the directors and the chief executives of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were 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 under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2018, according to the register kept by the Company pursuant to section 336 of the SFO, so far as the Directors were aware, the following persons (other than the Directors whose interests are disclosed above) had, or was deemed or taken to have, an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such capital:

Name of shareholder	Capacity/nature of interest	Number of shares	Number of underlying shares	Total number of shares and underlying shares	Approximate percentage of interest in issued share capital %
Win Union (Notes 1 and 2)	Beneficial owner	2,172,417,439 (L) 2,106,417,439 (S)	–	2,172,417,439 (L) 2,106,417,439 (S)	52.14 50.56
STI LSN 1 Limited (Note 2)	Beneficial owner (Person having a security interest in shares)	2,106,417,439 (L)	–	2,106,417,439 (L)	50.56
Tung Sun Tat Clement (Note 2)	Interest of controlled corporation	2,106,417,439 (L)	–	2,106,417,439 (L)	50.56
Mr. Tang (Note 3)	Beneficial owner	–	571,428,571 (L)	571,428,571 (L)	13.72
Ms. Ho Ming Yee (Note 3)	Interest of spouse	–	571,428,571 (L)	571,428,571 (L)	13.72

Notes:

1. 2,106,417,439 ordinary shares of the Company are held by Win Union, which is wholly-owned by Mr. Chan, an executive Director.

2. Out of the 2,172,417,439 ordinary shares of the Company as held by Win Union, 2,106,417,439 ordinary shares are pledged to STI LSN 1 Limited, which is wholly-owned by Mr. Tung Sun Tat Clement. By virtue of the SFO, Win Union is deemed to have a short position in those shares.

3. Mr. Tang holds the convertible bond in respect of the outstanding principal amount of HK$40,000,000, under which a total of 571,428,571 ordinary shares would be issued upon full exercise of the conversion rights attaching thereto. Upon full conversion of the convertible bond, Mr. Tang would hold 571,428,571 ordinary shares, representing approximately 13.72% of the issued share capital of the Company as at 31 March 2018. Pursuant to the SFO, Ms. Ho Ming Yee, the spouse of Mr. Tang, is deemed to be interested in all the shares in which Mr. Tang is interested.

4. "L" denotes a long position whilst the letter "S" denotes a short position.

5. Based on 4,166,175,000 ordinary shares of the Company in issue as at 31 March 2018.

6. Subsequent to 31 March 2018, Win Union sold an aggregate of 2,172,417,439 ordinary shares of the Company, representing approximately 52.14% of the entire issued share capital of the Company and the 2,106,417,439 ordinary shares of the Company as pledged to STI LSN 1 Limited has been released accordingly. Details of the Disposal are set out in the paragraph headed "Mandatory unconditional cash offers" in the section headed "Management Discussion and Analysis" on pages 30 to 38 of this annual report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (cont'd)

Save as disclosed above, as at 31 March 2018, so far as the Directors were aware, the Directors were not aware of any person (other than the Directors whose interests are disclosed above) who had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such capital.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the latest practicable date prior to the issue of this report, the Company has maintained sufficient public float under the GEM Listing Rules.

PERMITTED INDEMNITY PROVISION

Article 167(1) of the Articles of Association of the Company provides that every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. A Directors' Liability Insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

COMPETING INTERESTS

As at 31 March 2018, none of the Directors, the controlling shareholders or their respective close associates (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group or had any other conflicts of interests with the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2018, the aggregate amounts of revenue and purchases attributable to the Group's five largest customers and suppliers were less than less than 30% (2017: less than 30%) of the Group's total revenue and purchases respectively.

None of the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) has any interest in the Group's five largest suppliers or customers during the year.

MANAGEMENT CONTRACTS

No contracts concerning to the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the year.

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

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

PRE-EMPTIVE RIGHTS

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

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 37 to the consolidated financial statements and section headed "Management Discussion and Analysis" on pages 30 to 38 of this annual report.

AUDITOR

With effective from 10 August 2017, PKF tendered its resignation as the auditor of the Company due to its reorganisation and change in entity status from a partnership to a limited company. PKF Hong Kong Limited was appointed by the directors to fill the casual vacancy so arising. There have been no other changes of auditor in the past three years. A resolution to re-appoint the retiring auditor. PKF Hong Kong Limited, is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chan Kin Chun Victor
Chairman
Hong Kong, 26 June 2018

Independent Auditor's Report

大信梁學濂(香港)會計師事務所有限公司

PKF
Accountants &
business advisers

26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW WISDOM HOLDING COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of New Wisdom Holding Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 58 to 122, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss, consolidated statement of 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 Group's financial position as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2(d) to the consolidated financial statements which indicates that the Group incurred a net loss of HK$38,783,000 for the year ended 31 March 2018 and as of that date, the Group had net current liabilities of HK$71,009,000. As stated in note 2(d), these conditions, along with other matters as set forth in note 2(d) to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

We have determined to communicate in our report the following key audit matters for the year ended 31 March 2018.

Impairment of goodwill

The Group's impairment of goodwill disclosed in note 13 to the consolidated financial statements were determined to be a key audit matter due to the management's assessment of the value in use of the Group's cash-generating units ("CGUs") involved significant judgements and estimates about the future results and key assumptions.

Our procedures performed to address the matter included, amongst others:

- Obtain an understanding of the Group's procedures and method of estimation, including any control activities applied, significant assumptions made and management's assessment of estimation uncertainty;
- Evaluate the competence, independence and works performed by experts engaged by the management to assess their estimation;
- Challenge the composition of the Group's future cash flows forecasts in the CGUs;
- Challenge the key assumptions used by the management for the estimation;
- Evaluate whether the method of estimation and assumptions made are appropriate;
- Test the data used by the management in the estimation;
- Re-calculate the estimation made by the management;

KEY AUDIT MATTERS (cont'd)

Impairment of goodwill (cont'd)

- Review outcome of estimation made in prior period;
- Challenge the adequacy of the sensitivity calculations over the CGUs;
- Review subsequent events relevant to the estimation;
- Determine whether indication of possible management bias exist; and
- Evaluate the recognition and measurement criteria used and disclosure made by management.

Impairment of plant and equipment, and other intangible assets

The Group's impairment of plant and equipment, and other intangible assets disclosed in notes 11 and 14 to the consolidated financial statements were determined to be a key audit matter due to the management's assessment of whether any indication of impairment existed and the management's estimation on the value in use of the Group's cash-generating units ("CGUs") involved significant judgements and estimates about the future results and key assumptions.

Our procedures performed to address the matter included, amongst others:

- Evaluate the Group's assessment of any indication of assessment existed;
- Obtain an understanding of the Group's procedures and method of estimation, including any control activities applied, significant assumptions made and management's assessment of estimation uncertainty;
- Evaluate the competence, independence and works performed by experts engaged by the management to assess their estimation;
- Challenge the composition of the Group's future cash flows forecasts in the CGUs;
- Challenge the key assumptions used by the management for the estimation;
- Evaluate whether the method of estimation and assumptions made are appropriate;
- Test the data used by the management in the estimation;
- Re-calculate the estimation made by the management;
- Review outcome of estimation made in prior period;

KEY AUDIT MATTERS (cont'd)

Impairment of plant and equipment, and other intangible assets (cont'd)

- Challenge the adequacy of the sensitivity calculations over the CGUs;
- Review subsequent events relevant to the estimation;
- Determine whether indication of possible management bias exist; and
- Evaluate the recognition and measurement criteria used and disclosure made by management.

OTHER INFORMATION

The Directors are responsible for the other information which comprises the information included in the Group's annual report for the year ended 31 March 2018 ("Annual Report"), other than 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and are in compliance with 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.

The Directors are assisted by the Audit Committee in discharging their responsibilities 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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

– 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 (cont'd)

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Chung Wai Chuen Alfred (Practising Certificate Number: P05444).

PKF Hong Kong Limited
Certified Public Accountants
Hong Kong, 26 June 2018

Consolidated Statement of Profit or Loss

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	4	**305,543**	336,419
Cost of sales		**(103,075)**	(113,027)
Gross profit		**202,468**	223,392
Other income	5	**2,349**	2,151
Gain on disposal of subsidiaries	33	**–**	8
Impairment loss on other intangible assets	14	**(995)**	(4,625)
Impairment loss on plant and equipment	11	**(5,888)**	(2,861)
Operating expenses		**(227,558)**	(263,346)
Operating loss		**(29,624)**	(45,281)
Finance costs	6(a)	**(4,638)**	(5,070)
Loss before income tax	6	**(34,262)**	(50,351)
Income tax (expense)/credit	8(a)	**(4,521)**	2,611
Loss for the year		**(38,783)**	(47,740)
Loss for the year attributable to:–			
Owners of the Company		**(37,687)**	(47,333)
Non-controlling interests		**(1,096)**	(407)
		(38,783)	(47,740)
Loss per share (HK cents)	10		
– Basic		**(0.94)**	(1.41)
– Diluted		**N/A**	N/A

The notes on pages 65 to 122 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Loss for the year		**(38,783)**	(47,740)
Other comprehensive loss:–			
Item that may be subsequently reclassified to profit or loss:–			
Exchange loss arising from translation of financial statements of foreign operations		**(617)**	(563)
Other comprehensive loss for the year, net of tax		**(617)**	(563)
Total comprehensive loss for the year		**(39,400)**	(48,303)
Total comprehensive loss for the year attributable to:–			
Owners of the Company		**(38,348)**	(47,865)
Non-controlling interests		**(1,052)**	(438)
		(39,400)	(48,303)

The notes on pages 65 to 122 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Plant and equipment	11	**13,699**	31,640
Goodwill on consolidation	13	**55,095**	55,095
Other intangible assets	14	**12,873**	14,475
Deferred tax assets	15	**1,828**	6,321
		83,495	107,531
CURRENT ASSETS			
Inventories	16	**4,602**	4,771
Debtors, deposits and prepayments	17	**32,236**	33,107
Income tax recoverable		**132**	978
Cash and cash equivalents	18	**108,059**	22,228
		145,029	61,084
DEDUCT:–			
CURRENT LIABILITIES			
Convertible bonds	25	**39,805**	–
Loans from a connected person	24	**–**	107,101
Loans from a director	24	**–**	2,644
Obligations under finance lease	22	**–**	179
Bank loans, secured	23 & 27	**5,140**	13,991
Creditors, accruals and deposits received	19	**170,375**	49,059
Income tax payable		**718**	439
		216,038	173,413
NET CURRENT LIABILITIES		**(71,009)**	(112,329)

Consolidated Statement of Financial Position

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,486**	(4,798)
NON-CURRENT LIABILITIES			
Convertible bonds	25	**–**	39,325
Deferred tax liabilities	15	**249**	575
Creditors, accruals and deposits received	19	**1,492**	4,046
		1,741	43,946
NET ASSETS/(LIABILITIES)		**10,745**	(48,744)
REPRESENTING:–			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	20	**41,662**	27,775
Reserves	21	**(28,499)**	(75,153)
		13,163	(47,378)
NON-CONTROLLING INTERESTS		**(2,418)**	(1,366)
TOTAL EQUITY		**10,745**	(48,744)

The notes on pages 65 to 122 form part of these consolidated financial statements.

Approved and authorized for issue by
the Board of Directors on 26 June 2018

Chan Kin Chun Victor
Director

Zheng Hua
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Attributable to owners of the Company										
	Share capital HK$'000	Accumulated losses HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible bonds equity reserve HK$'000	Other reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1.4.2016	27,775	(207,068)	173,887	3,801	(210)	1,055	1,390	(258)	372	(813)	(441)
Cancellation of share options under mandatory unconditional cash offers – Note 28	–	1,055	–	–	–	(1,055)	–	–	–	–	–
Deemed disposal of partial interest in a subsidiary	–	–	–	–	–	–	–	115	115	(115)	–
Comprehensive loss											
Loss for the year	–	(47,333)	–	–	–	–	–	–	(47,333)	(407)	(47,740)
Other comprehensive loss:– Exchange loss arising from translation of financial statements of foreign operations	–	–	–	–	(532)	–	–	–	(532)	(31)	(563)
Total comprehensive loss for the year	–	(47,333)	–	–	(532)	–	–	–	(47,865)	(438)	(48,303)
At 31.3.2017 and 1.4.2017	27,775	(253,346)	173,887	3,801	(742)	–	1,390	(143)	(47,378)	(1,366)	(48,744)
Rights Issue – Note 20(a)(i)	13,887	–	86,101	–	–	–	–	–	99,988	–	99,988
Share issuing expenses	–	–	(1,099)	–	–	–	–	–	(1,099)	–	(1,099)
Comprehensive loss											
Loss for the year	–	(37,687)	–	–	–	–	–	–	(37,687)	(1,096)	(38,783)
Other comprehensive loss:– Exchange (loss)/gain arising from translation of financial statements of foreign operations	–	–	–	–	(661)	–	–	–	(661)	44	(617)
Total comprehensive loss for the year	–	(37,687)	–	–	(661)	–	–	–	(38,348)	(1,052)	(39,400)
At 31.3.2018	**41,662**	**(291,033)**	**258,889**	**3,801**	**(1,403)**	**-**	**1,390**	**(143)**	**13,163**	**(2,418)**	**10,745**

The notes on pages 65 to 122 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(34,262)**	(50,351)
Adjustments for:–			
Exchange loss		**185**	319
Interest income		**(11)**	(7)
Reversal on provision of reinstatement costs		**(85)**	(85)
Interest on secured bank loans, repayable within five years		**469**	751
Interest expenses on other loans		**338**	–
Interest expense on convertible bonds		**800**	798
Imputed interest expense on convertible bonds		**480**	762
Finance charges on obligations under finance lease		**2**	9
Depreciation of plant and equipment		**16,406**	23,374
Loss on disposal of plant and equipment		**1,470**	1,262
Amortization of other intangible assets		**1,067**	1,314
Impairment loss on plant and equipment		**5,888**	2,861
Impairment loss on other intangible assets		**995**	4,625
Gain on disposal of subsidiaries	33	**–**	(8)
Operating loss before working capital changes		**(6,258)**	(14,376)
Decrease in inventories		**333**	96
Decrease in debtors, deposits and prepayments		**1,855**	1,788
Decrease in creditors, accruals and deposits received		**(1,189)**	(1,169)
Cash used in operations		**(5,259)**	(13,661)
Income tax refunded		**698**	331
Interest received		**11**	7
Interests paid on bank loans, repayable within five years		**(469)**	(795)
Finance charges on obligations under finance lease		**(2)**	(9)
NET CASH USED IN OPERATING ACTIVITIES		**(5,021)**	(14,127)

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of plant and equipment		**(5,538)**	(28,342)
Net cash outflow arising from business combination		**–**	(1,500)
Sales proceeds from disposal of plant and equipment		**65**	19
Net cash outflow arising on disposal of subsidiaries	33	**–**	(123)
Payment for acquisition of other intangible assets		**(460)**	(281)
NET CASH USED IN INVESTING ACTIVITIES		**(5,933)**	(30,227)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuing of shares		**99,988**	–
Share issuing expenses		**(1,099)**	–
Increase in loans from a connected person		**–**	2,509
(Decrease)/increase in loans from a director		**(2,644)**	35,520
Increase in other loans		**9,287**	–
Capital element of finance lease rentals paid		**(179)**	(238)
Repayments of secured bank loans		**(28,824)**	(51,445)
Proceeds from new secured bank loans		**19,973**	40,548
NET CASH FROM FINANCING ACTIVITIES		**96,502**	26,894
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**85,548**	(17,460)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		**22,228**	39,971
EFFECT OF EXCHANGE RATES CHANGES		**283**	(283)
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	18	**108,059**	22,228

The notes on pages 65 to 122 form part of these consolidated financial statements.

1. GENERAL INFORMATION

New Wisdom Holding Company Limited (the "Company") was incorporated in the Cayman Islands on 13 November 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The principal place of its business is 6/F., Southland Building, 48 Connaught Road Central, Central, Hong Kong. The Company and its subsidiaries (collectively referred to as the "Group") is engaged in the provision of food and beverage services. The ultimate controlling party of the Group was Mr. Chan Kin Chun Victor ("Mr. Chan") as at 31 March 2018. Upon the Completion of the transaction on 25 April 2018 as disclosed in note 37(a) to the consolidated financial statements, the ultimate controlling party is Ms. Huang Li ("Ms. Huang").

The Company is listed on GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations ("HK(IFRIC) – Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

(b) Initial application of HKFRSs

In the current year, the Group initially applied the following revised HKFRSs:-

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs (2014–2016)	Amendments to HKFRS 12

Except for Amendments to HKAS 7 disclosed below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's consolidated financial statements for the current and prior years.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group has provided the information for the current period in note 29 to the consolidated financial statements.

2. BASIS OF PREPARATION (cont'd)

(c) HKFRSs in issue but not yet effective

The following HKFRSs in issue at 31 March 2018 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2017:–

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
Annual Improvements to HKFRSs (2014-2016)	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements to HKFRSs (2015-2017)	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

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

2. BASIS OF PREPARATION (cont'd)

(c) HKFRSs in issue but not yet effective (cont'd)

The Group's assessment of the impact of these new standards, amendments to standards and interpretations is set out below:–

HKFRS 9 "Financial Instruments"

HKFRS 9 contains three principal classification and measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("**FVOCI**") and fair value through profit or loss ("**FVTPL**").

- The classification for debt securities is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt security is classified as FVOCI then interest revenue, impairment and gains/losses on disposal will be recognized in profit or loss.

- For equity instruments, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity instrument is not held for trading and the entity irrevocably elects to designate that instrument as FVOCI. If an equity instrument is designated as FVOCI then only dividend income on that instrument will be recognised in profit or loss. Gains, losses and impairments on that instrument will be recognized in other comprehensive income without recycling.

The Directors of the Company do not anticipate that above changes will have material impact on the Group's financial assets as the Group did not have any debt securities and equity instruments as at 31 March 2018.

HKFRS 9 only affects the accounting for financial liabilities that are designated at FVTPL. The Group did not have any financial liabilities designated at FVTPL as at 31 March 2018.

There is a change in hedge accounting rules that more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group did not have any such hedging instruments as at 31 March 2018.

HKFRS 9 requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It will apply to financial assets measured at amortized cost and debt securities measured at FVOCI. The Group has assessed how its impairment provisions would be affected by the new model. So far it has concluded that there would be no material impact for the application of the new impairment requirements.

2. BASIS OF PREPARATION (cont'd)

(c) HKFRSs in issue but not yet effective (cont'd)

HKFRS 15 "Revenue from Contracts with Customers"

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

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

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

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

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

The Directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, they do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognized in the respective reporting periods.

2. BASIS OF PREPARATION (cont'd)

(c) HKFRSs in issue but not yet effective (cont'd)

HKFRS 16 "Leases"

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change. The standard will affect primarily the accounting for Group's operating leases as a lessee. As at the end of the reporting period, the Group has non-cancellable operating lease commitments of approximately HK$70,395,000 (Note 30). The Group estimates those related to payments for short-term and low value lease which will be recognized on straight-line basis as an expense in profit or loss are insignificant.

The Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognized on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

The adoption of this standard is mandatory for financial years commencing on or after 1 April 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Save as discussed above, all other new standards, amendments to standards and interpretations issued but not yet effective are not likely to have significant impact on the consolidated financial statements.

2. BASIS OF PREPARATION (cont'd)

(d) Adoption of the going concern basis

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on going concern basis notwithstanding that the Group incurred a loss of HK$38,783,000 for the year ended 31 March 2018 and as of that date, the Group had net current liabilities of HK$71,009,000 as the Directors considered that:–

(1) Ms. Huang, being the sole beneficial owner and director of the controlling shareholder of the Company after the completion of the acquisition of 52.14% interests in the Company on 25 April 2018, will provide continuing financial support to the Group;

(2) On 25 April 2018, the Company entered into a loan agreement with Oceanic Fortress Holdings Limited, in which Ms. Huang is the sole beneficial owner and director, in respect of providing an unsecured two-year term loan to the Company in the amount of HK$30,000,000 for the purpose of working capital. The loan was received by the Company on 26 April 2018. The loan is interest-bearing at the best lending rate as published by the Hongkong and Shanghai Banking Corporation Limited from time to time; and

(3) On 22 June 2018, the lender of other loans signed a memorandum of loans with a subsidiary of the Company (the "Borrower"), pursuant to which the outstanding other loans balance of approximately HK$115,037,000 as at 22 June 2018 will be repayable by the Borrower on 22 June 2019.

After taking into consideration of above factors, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis since there are no material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

The consolidated financial statements are prepared under the historical cost basis.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by the Company.

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation (cont'd)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

(c) Business combination and goodwill

Business combination is accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group from the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Business combination and goodwill (cont'd)

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognized in accordance with HKFRS 13 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items are lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or group of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Revenue recognition

Revenue from provision of food and beverage services including services charges is recognized when catering services are provided.

Interest income is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Service fee income is recognized when services have been rendered.

Franchise fee income is recognized at the time when the initial services are rendered.

(e) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance, are charged to the profit or loss in the year in which they are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the plant and equipment, the expenditure is capitalized as an additional cost of the asset.

Depreciation is calculated to write down the cost of plant and equipment to their estimated residual values on a straight-line basis over their estimated useful lives at following annual rates and bases:–

Furniture, fixtures and equipment	10% to 50% or over the lease term whichever is shorter
Leasehold improvement	10% to 33.33% or over the lease term whichever is shorter
Motor vehicles	20% to 33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognized in the profit or loss on the date of retirement or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Intangible assets (Other than goodwill)

Intangible assets are stated at cost less accumulated amortization and impairment losses.

Development costs are capitalized only when it can be demonstrated that completing the development is technically and financially feasible, the product under development will generate probable future economic benefits through sale or use, and the development expenditure can be measured reliably. Development costs which do not meet these criteria are expensed when incurred.

Amortization is calculated to write off the costs of intangible assets over their estimated useful lives on a straight line basis as follows:–

Trade mark acquired	5 to 20 years
Franchise rights acquired	5 to 20 years

(g) Interests in subsidiaries

Interests in subsidiaries are stated in the Company's statement of financial position at cost less any identified impairment loss. Income from subsidiaries is recognized in the Company's financial statements on the basis of dividends declared by the subsidiaries.

(h) Investments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The classification depends on the purposed for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months at the end of reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments (cont'd)

(ii) Loans and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor without intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months at the end of reporting period.

Purchases and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognized when the rights to receive cash flows from the investments have been expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the profit or loss in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as gains or losses from investment securities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments (cont'd)

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative losses – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss – is removed from equity and recognized in the profit or loss. Impairment losses recognized in the profit or loss on equity instruments are not reversed through the profit or loss.

(i) Derivative financial instruments

Derivative financial instruments are recognized initially at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged. For derivative financial assets that are linked to unquoted equity instruments, which do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and must be settled by delivery of such unquoted equity instruments, it is carried at cost less impairment.

(j) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognized as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Financial guarantees issued, provisions and contingent liabilities (cont'd)

(i) Financial guarantees issued (cont'd)

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with note 3(j)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortization where appropriate, and the amount that would be determined in accordance with note 3(j)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 3(j)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Borrowings and payables

Borrowings and payables are stated at amortized cost using the effective interest method.

(l) Convertible bonds that contain an equity component

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both liability component and equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognized as the liability component is recognized as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortized cost. The interest expense recognized in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognized in the convertible bonds equity reserve until either the note is converted or redeemed. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to accumulated profit or loss. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

If the note is converted, the convertible bonds equity reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the convertible bonds equity reserve is released directly to accumulated profit or loss.

The liability component (or part of the liability component) of the convertible bonds is derecognized when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expired.

A significant modification of the terms of the convertible bonds is accounted for as recognition of a new compound instrument and an extinguishment of the original compound instrument before maturity. The difference between the carrying amount of the original liability component extinguished and its fair value at the date of modification is recognized in profit or loss. The difference between the fair value at the date of modification of the original liability component extinguished and the fair value of the newly recognized liability component is recognized in the convertible bonds equity reserve. The carrying amount of the equity component of the original compound instrument extinguished is released from convertible bonds equity reserve to accumulated profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Employee benefits

Salaries, annual bonuses and annual leave entitlements are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to defined contribution retirement plans are recognized as an expense in profit or loss as incurred.

Termination benefits are recognized when, and only when, the Group demonstrably commits itself to terminate employment or provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

The fair value of share options granted to employees measured at the grant date and is adjusted for the estimated number of shares that will eventually be vested is recognized as an employee cost on a straight-line basis over the vesting period, with a corresponding increase in an employee share-based compensation reserve.

For the purposes of diluted earnings per share, the exercise price of the options is adjusted for the cost of employee services to render in the remaining vesting period.

(n) Impairment of assets

Assets that have indefinite useful lives are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Borrowing costs (cont'd)

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred. Borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(p) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated on first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimates costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(q) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes profit or loss items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable when the Group recovers or settles the carrying amounts of assets or liabilities recognized in the consolidated financial statements.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or asset is realized.

Deferred tax is charged or credited to the profit or loss, except when it relates to items recognized in other comprehensive income or directly to equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purposed of the consolidated statement of cash flows.

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance lease. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 3(e). Impairment losses are accounted for in accordance with the accounting policy as set out in note 3(n). Finance charges implicit in the lease payments are charged to the profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to the profit or loss in the accounting period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Leases (cont'd)

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in the profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the profit or loss in the accounting period in which they are incurred.

(t) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:–

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:–

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Related parties (cont'd)

(b) (cont'd)

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(u) Foreign currency translation

The consolidated financial statements are presented in Hong Kong dollar, which is also the Company's functional currency. The functional currency of the Company or its subsidiaries is the currency of the primary economic environment in which the Company or its subsidiaries operate.

Foreign currency transactions of the Company or its subsidiaries are initially recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the end of reporting period and the exchange differences arising are recognized in the profit or loss. Non-monetary items carried at fair value denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined and the exchange differences arising are recognized in the profit or loss, except for the exchange component of a gain or loss that is recognized directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into the presentation currency of the Company at the rate of exchange prevailing at the end of reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising are recognized as a separate component of equity. Such translation differences are recognized in the profit or loss for the year in which the foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Segment reporting

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

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

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group has only one business segment for current year.

(w) Critical accounting estimate and judgements

Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, management makes various estimates based on past experiences, expectations of the future and other information. The key sources of estimation uncertainty that may significantly affect the amounts recognized in the financial statements are disclosed below:–

(i) Estimated useful lives of tangible and intangible assets

The Group estimates the useful lives of tangible and intangible assets based on the periods over which the assets are expected to be available for use. The Group reviews annually their estimated useful lives, based on factors that include asset utilization and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of tangible and intangible assets would increase depreciation charges and decrease non-current assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Critical accounting estimate and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(ii) Impairment of fixed assets, goodwill and other non-current assets

Determining whether fixed assets, goodwill and other non-current assets are impaired requiring an estimation of the value in use of the cash-generating units to which the fixed assets, goodwill and other non-current assets have been allocated. The calculation of value in use requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

(iii) Deferred tax assets

The Group reviews the carrying amounts of deferred taxes at the end of each reporting period and reduces the amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred tax assets to be utilized.

(iv) Fair value of identifiable assets and liabilities acquired through business combination

The Group applies the acquisition method to account for business combination, which requires the Group to record assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgement is used to estimate the fair values of the assets and liabilities acquired.

(v) Going concern

Management makes an assessment of the Group's ability to continue as a going concern when preparing the consolidated financial statements. As disclosed in note 2(d), the validity of the going concern assumptions depends upon (i) the continuing financial support from Ms. Huang, who is the sole beneficial owner and director of the controlling shareholder which acquired 52.14% interests in the Company on 25 April 2018; (ii) shareholder's loan of HK$30,000,000 lent on 26 April 2018; and (iii) other loans, which will be repayable on 22 June 2019, borrowed from the lender.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

4. REVENUE

Revenue represents invoiced value recognized in respect of provision of food and beverage services, net of discounts and business tax or value-added tax, during the year. An analysis of the revenue recorded for the year is set out below:–

	2018	2017
	HK$'000	HK$'000
Provision of food and beverage services and others	**305,543**	336,419

5. OTHER INCOME

	2018	2017
	HK$'000	HK$'000
Interest income	**11**	7
Service fee income	**1,310**	1,230
Franchise income	**631**	346
Reversal on provision of reinstatement costs	**85**	85
Miscellaneous items	**312**	483
	2,349	2,151

6. LOSS BEFORE INCOME TAX

	2018	2017
	HK$'000	HK$'000
Loss before income tax is arrived at after charging:–		
(a) Finance costs:–		
Interest expenses on secured bank loans, repayable within five years	**469**	751
Interest expense on other loans	**338**	–
Interest expense on convertible bonds	**800**	798
Imputed interest expense on convertible bonds – Note 25	**480**	762
Finance charge on obligations under finance lease	**2**	9
Other bank charges	**2,549**	2,750
	4,638	5,070
(b) Other items:–		
Amortization of other intangible assets	**1,067**	1,314
Depreciation	**16,406**	23,374
Auditor's remuneration	**896**	939
Exchange loss	**185**	319
Operating lease rentals for properties	**70,130**	75,990
Directors' remuneration – Note 7(a)	**1,020**	698
Other staff salaries and benefits	**89,116**	102,156
Retirement scheme contributions	**3,965**	4,918
Other staff costs	**93,081**	107,074
Cost of inventories sold	**103,075**	113,027
Loss on disposal of plant and equipment	**1,470**	1,262

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Pursuant to the GEM Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, details of emoluments paid by the Group to the Directors during the year were as follows:–

	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Retirement scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
2017					
Executive Directors:–					
Mr. Tang Sing Ming Sherman ("Mr. Tang") (resigned on 8 November 2016)	–	72	4	–	76
Mr. Chan (appointed on 8 November 2016)	95	–	–	–	95
Mr. Zheng Hua (appointed on 8 November 2016)	95	–	–	–	95
	190	72	4	–	266
Independent non-executive Directors:–					
Mr. Bhanusak Asvaintra (resigned on 8 November 2016)	72	–	–	–	72
Mr. Chan Kam Fai Robert (resigned on 8 November 2016)	72	–	–	–	72
Mr. Chung Kwok Keung Peter (resigned on 8 November 2016)	72	–	–	–	72
Mr. Yip Tai Him (appointed on 8 November 2016)	72	–	–	–	72
Mr. Chan Yee Ping Michael (appointed on 8 November 2016)	72	–	–	–	72
Mr. Deng Guozhen (appointed on 8 November 2016)	72	–	–	–	72
	432	–	–	–	432
	622	72	4	–	698

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (cont'd)

(a) Pursuant to the GEM Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, details of emoluments paid by the Group to the Directors during the year were as follows:– (cont'd)

	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Retirement scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
2018					
Executive Directors:–					
Mr. Chan	240	–	–	–	240
Mr. Zheng Hua	240	–	–	–	240
	480	–	–	–	480
Independent non-executive Directors:–					
Mr. Yip Tai Him (resigned on 28 March 2018)	178	–	–	–	178
Mr. Chan Yee Ping Michael	180	–	–	–	180
Mr. Deng Guozhen	180	–	–	–	180
Mr. Zeng Shiquan (appointed on 28 March 2018)	2	–	–	–	2
	540	–	–	–	540
	1,020	–	–	–	1,020

No Directors waived any emoluments during the years ended 31 March 2018 and 2017.

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (cont'd)

(b) Five highest paid individuals

The remuneration of employees who were not Directors during the year and who were amongst the five (2017: five) highest paid individuals of the Group were as follows:–

	2018 **HK$'000**	2017 HK$'000
Basic salaries, allowances and benefits in kind	**4,092**	3,964
Retirement scheme contributions	**89**	68
	4,181	4,032

The number of employees whose remuneration fell within the following band was as follow:–

	2018	2017
Nil – HK$1,000,000	**3**	4
HK$1,000,001 – HK$1,500,000	**2**	1

There was no remuneration paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

8. INCOME TAX EXPENSE/(CREDIT)

(a) Taxation in the profit or loss represents:–

	2018 **HK$'000**	2017 HK$'000
Current tax	**427**	101
Deferred tax – Note 15	**4,094**	(2,712)
Income tax expense/(credit)	**4,521**	(2,611)

8. INCOME TAX EXPENSE/(CREDIT) (cont'd)

(a) Taxation in the profit or loss represents:– (cont'd)

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

(ii) The Company's subsidiaries incorporated/established in Hong Kong, the People's Republic of China ("PRC") and Taiwan are subject to Hong Kong Profits Tax, PRC Enterprise Income Tax and Taiwan Profit-Seeking-Enterprise Income Tax at the rates of 16.5%, 25% and 17% respectively (2017: Hong Kong – 16.5%, PRC – 25% and Taiwan – 17% respectively).

(b) The income tax for the year can be reconciled to the loss before income tax for the year as follows:–

	2018 **HK$'000**	2017 HK$'000
Loss before income tax	**(34,262)**	(50,351)
Tax effect at the Hong Kong profits tax rate of 16.5% (2017: 16.5%)	**(5,653)**	(8,308)
Tax rates differential	**1,468**	1,097
Tax effect of income that is not taxable	**(4)**	(42)
Tax effect of expenses that are not deductible	**1,833**	1,067
Tax effect of unused tax losses not recognized	**6,942**	3,595
Tax refund	**(65)**	(20)
Income tax expense/(credit)	**4,521**	(2,611)

(c) The components of unrecognized deductible temporary differences in certain subsidiaries of the Company were as follows:–

(i) The unutilized tax losses accumulated in the Hong Kong subsidiaries of the Company amounted to approximately HK$49,373,000 (2017: approximately HK$34,158,000) can be carried forward indefinitely. The unutilized tax losses accumulated in PRC subsidiaries amounted to approximately HK$57,512,000 (2017: approximately HK$41,396,000) can be carried forward for five years. The unutilized tax losses accumulated in Taiwan subsidiary amounted to approximately HK$6,424,000 (2017: approximately HK$4,053,000) can be carried forward for ten years. Deductible temporary differences have not been recognized owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

8. INCOME TAX EXPENSE/(CREDIT) (cont'd)

(c) The components of unrecognized deductible temporary differences in certain subsidiaries of the Company were as follows:– (cont'd)

(ii) Pursuant to the Corporate Income Tax Law of the PRC and its implementation rules, the gross amount of dividends received by the Company's subsidiary incorporated in Hong Kong from its PRC subsidiaries in respect of their profits generated since 1 January 2008 is subject to withholding tax at a rate of 5%. Under the Caishui (2008) No. 1, the undistributed profits of the PRC subsidiaries as at 31 December 2007 determined based on the relevant PRC tax rules and regulations are exempted from withholding tax. Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, no deferred tax liability was provided as no profit is expected to be distributed by the PRC subsidiaries in the foreseeable future. As at 31 March 2018, the undistributed profits of the PRC subsidiaries amounted to approximately HK$3,538,000 (2017: approximately HK$3,492,000). The corresponding unrecognized deferred tax liabilities were amounted to approximately HK$176,900 (2017: approximately HK$174,600).

9. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 March 2018 and 2017.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$37,687,000 (2017: HK$47,333,000) and the weighted average number of ordinary shares of 4,002,695,000 (2017: 3,359,819,000 ordinary shares) in issue during the year ended 31 March 2018.

The weighted average number of ordinary shares adopted in calculation of basic loss per share for the years ended 31 March 2018 and 2017 have been adjusted after taking into account of the Rights Issue which was completed on 14 June 2017 as disclosed in note 20(a)(i) to the consolidated financial statements.

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2018 and 2017.

11. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:–				
At 1.4.2016	54,355	48,716	599	103,670
Exchange adjustment	(66)	(30)	–	(96)
Additions	19,327	9,673	–	29,000
Disposals	(9,769)	(11,354)	–	(21,123)
At 31.3.2017	63,847	47,005	599	111,451
Accumulated depreciation:–				
At 1.4.2016	37,924	27,759	120	65,803
Exchange adjustment	(17)	(76)	–	(93)
Charge for the year	11,900	11,256	218	23,374
Written back on disposals	(8,198)	(10,206)	–	(18,404)
At 31.3.2017	41,609	28,733	338	70,680
Impairment loss:–				
At 1.4.2016	4,842	2,907	–	7,749
Exchange adjustment	(10)	(31)	–	(41)
Charge for the year	393	2,468	–	2,861
Written back on disposals	(1,215)	(223)	–	(1,438)
At 31.3.2017	4,010	5,121	–	9,131
Net book value:–				
At 31.3.2017	18,228	13,151	261	31,640
Cost:–				
At 1.4.2017	63,847	47,005	599	111,451
Exchange adjustment	533	232	–	765
Additions	3,495	2,043	–	5,538
Disposals	(5,218)	(7,129)	–	(12,347)
At 31.3.2018	**62,657**	**42,151**	**599**	**105,407**
Accumulated depreciation:–				
At 1.4.2017	41,609	28,733	338	70,680
Exchange adjustment	200	115	–	315
Charge for the year	9,905	6,318	183	16,406
Written back on disposals	(2,925)	(5,220)	–	(8,145)
At 31.3.2018	**48,789**	**29,946**	**521**	**79,256**
Impairment loss:–				
At 1.4.2017	4,010	5,121	–	9,131
Exchange adjustment	74	26	–	100
Charge for the year	5,072	816	–	5,888
Written back on disposals	(750)	(1,917)	–	(2,667)
At 31.3.2018	**8,406**	**4,046**	**–**	**12,452**
Net book value:–				
At 31.3.2018	**5,462**	**8,159**	**78**	**13,699**

11. PLANT AND EQUIPMENT (cont'd)

At 31 March 2018, the carrying amount of plant and equipment held under finance lease was approximately HK$Nil (2017: approximately HK$251,000).

The Directors considered that there was an indication of impairment for plant and equipment as the Group's certain operation result was worse than expected. As a result, an impairment loss of approximately HK$5,888,000 (2017: approximately HK$2,861,000) was made for the year ended 31 March 2018.

12. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries are as follows:–

Name of company	Place of incorporation/ establishment	Attributable equity interest %		Issued/ registered capital	Principal activities
		Direct	Indirect		
Marvel Success Limited	BVI	100	–	US$1	Investment holding
Epicurean Management (Asia) Limited	Hong Kong	–	100	HK$1	Provision of management services
I. T. H. K. Limited ("ITHK")	Hong Kong	–	100	HK$300,000	Provision of food and beverage services
香港商大利紅有限公司台灣分公司	Taiwan	–	100	TWD1,000,000	Provision of food and beverage services
Ginza Bairin (Greater China) Holdings Limited	Hong Kong	–	100	HK$2,000,000	Franchise and investment holdings
U-Well Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Hobby Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
銀林(上海)餐飲有限公司	PRC	–	100	US$1,600,000	Provision of food and beverage services
Shirokuma (STC) Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services

12. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

Name of company	Place of incorporation/ establishment	Attributable equity interest % Direct	Attributable equity interest % Indirect	Issued/ registered capital	Principal activities
Waya Limited	Hong Kong	–	98	HK$1	Provision of food and beverage services
白熊(上海)餐飲管理有限公司	PRC	–	98	US$1,300,000	Provision of food and beverage services
廣州市慶洋餐飲有限公司	PRC	–	98	RMB2,500,000	Provision of food and beverage services
Enmaru (CWB) Limited	Hong Kong	–	90	HK$1	Provision of food and beverage services
Donfield Limited	Hong Kong	–	90	HK$1	Provision of food and beverage services
炎丸(上海)餐飲管理有限公司	PRC	–	100	US$700,000	Provision of food and beverage services
廣州市炎丸居酒屋餐飲有限公司	PRC	–	90	RMB6,000,000	Provision of food and beverage services

13. GOODWILL ON CONSOLIDATION

	2018 HK$'000	2017 HK$'000
Cost:–		
At the beginning and end of the year	**59,388**	59,388
Impairment:–		
At the beginning and end of the year	**4,293**	4,293
Carrying amount:–		
At the beginning and end of the year	**55,095**	55,095

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:–

	2018 HK$'000	2017 HK$'000
Restaurants, café and cake shops	**55,095**	55,095
Logistic and production centre	**–**	–
	55,095	55,095

The recoverable amount of the above CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated long-term growth rate of 2%.

13. GOODWILL ON CONSOLIDATION (cont'd)

The followings describe each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill:–

– *Budgeted turnover*

The basis used to determine the budgeted turnover is the expected growth rate of the market based on past history and experience.

– *Budgeted gross margins*

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the first budgeted year, increased for expected efficiency improvements.

– *Business environment*

There will be no major changes in the existing political, legal and economic conditions in Hong Kong in which the assessed entity carries on its business.

The cash flows are discounted using the following pre-tax discounts rates:–

	2018	2017
Restaurants, café and cake shops	**14.16%**	15.54%-15.84%
Logistic and production centre	**N/A**	22.02%

Details of the impairment loss of each of the CGU recognized during the years ended 31 March 2018 and 2017 and the recoverable amounts of the each of the CGU as at 31 March 2018 and 2017 are as follows:

	Impairment loss recognised		**Recoverable amount of the CGU**	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Restaurants, café and cake shops	**–**	–	**96,961**	115,602
Logistic and production centre	**–**	–	**–#**	(5,336)
	–	–	**96,961**	110,266

During the year ended 31 March 2018, the operations of this CGU was ceased.

Any adverse change in the assumptions used in the calculations of recoverable amounts would result in further impairment losses.

14. OTHER INTANGIBLE ASSETS

	Trademark HK$'000	Franchise rights HK$'000	Total HK$'000
Cost:–			
At 1.4.2016	2,587	24,346	26,933
Additions	97	184	281
Disposals	(119)	(367)	(486)
At 31.3.2017	2,565	24,163	26,728
Accumulated amortization:–			
At 1.4.2016	653	3,000	3,653
Charge for the year	58	1,256	1,314
Written back on disposals	(101)	(367)	(468)
At 31.3.2017	610	3,889	4,499
Impairment loss:–			
At 1.4.2016	1,631	1,516	3,147
Charge for the year	128	4,497	4,625
Written back on disposals	(18)	–	(18)
At 31.3.2017	1,741	6,013	7,754
Net book value:–			
At 31.3.2017	214	14,261	14,475
Cost:–			
At 1.4.2017	2,565	24,163	26,728
Additions	14	446	460
Disposals	–	(38)	(38)
At 31.3.2018	**2,579**	**24,571**	**27,150**
Accumulated amortization:–			
At 1.4.2017	610	3,889	4,499
Charge for the year	18	1,049	1,067
Written back on disposals	–	(38)	(38)
At 31.3.2018	**628**	**4,900**	**5,528**
Impairment loss:–			
At 1.4.2017	1,741	6,013	7,754
Charge for the year	54	941	995
At 31.3.2018	**1,795**	**6,954**	**8,749**
Net book value:–			
At 31.3.2018	**156**	**12,717**	**12,873**

The Directors considered that there was an indication of impairment for other intangible assets as the Group's certain operation result was worse than expected. As a result, an impairment loss of approximately HK$995,000 (2017: approximately HK$4,625,000) was made for the year ended 31 March 2018.

15. DEFERRED TAX

The followings were deferred tax (assets)/liabilities recognized by the Group and movements thereon during the year:–

	Tax losses HK$'000	(Decelerated)/ accelerated depreciation allowances HK$'000	Total HK$'000
At 1.4.2016	(3,309)	251	(3,058)
Disposal of subsidiaries – Note 33	(5)	6	1
Charge for the year – Note 8(a)	(1,702)	(1,010)	(2,712)
Exchange adjustments	23	–	23
At 31.3.2017 and 1.4.2017	(4,993)	(753)	(5,746)
Credit for the year – Note 8(a)	3,757	337	4,094
Exchange adjustments	73	–	73
At 31.3.2018	**(1,163)**	**(416)**	**(1,579)**

Represented by:–

	2018 HK$'000	2017 HK$'000
Deferred tax liabilities	**249**	575
Deferred tax assets	**(1,828)**	(6,321)
	(1,579)	(5,746)

16. INVENTORIES

	2018 HK$'000	2017 HK$'000
Raw materials	**4,451**	4,247
Work in progress	**13**	46
Finished goods	**138**	478
	4,602	4,771

17. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:–

	2018 HK$'000	2017 HK$'000
Trade debtors	**5,578**	4,920
Rental and utility deposits	**23,641**	24,597
Prepayments	**1,843**	2,884
Other debtors	**1,174**	706
	32,236	33,107

(a) Aging analysis

The trading terms with the Group's customers are mainly on cash and credit card settlements, except for well established corporate customers who entitled credit term of 30-60 days. For credit card settlements, the banks normally settle the balances within 2-3 days. The following was an aging analysis of trade debtors, which included outstanding balances for credit card settlements, (net of allowance for doubtful debts) at the end of reporting period:–

	2018 HK$'000	2017 HK$'000
0 – 30 days	**4,698**	4,676
31 – 60 days	**662**	228
61 – 90 days	**70**	8
91 – 180 days	**148**	8
	5,578	4,920

17. DEBTORS, DEPOSITS AND PREPAYMENTS (cont'd)

(b) Trade debtors that are not impaired

The aging analysis of trade debtors that are not considered to be impaired was as follow:–

	2018 **HK$'000**	2017 HK$'000
Neither past due nor impaired	**4,698**	4,686
Past due but not impaired:–		
1 – 30 days	**662**	228
31 – 60 days	**141**	5
61 – 90 days	**77**	1
	880	234
	5,578	4,920

Trade debtors that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade debtors that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

18. CASH AND CASH EQUIVALENTS

	2018 HK$'000	2017 HK$'000
Cash and bank balances	**108,059**	22,228

As at 31 March 2018, the cash and cash equivalents of the Group denominated in RMB amounted to approximately HK$3,244,000 (2017: approximately HK$3,473,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

19. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:–

	2018 HK$'000	2017 HK$'000
Trade creditors	**21,208**	18,454
Accruals and provisions	**21,476**	23,171
Other creditors	**12,467**	11,480
Other loans – Note 19(a)	**116,716**	–
	171,867	53,105
Less: classified in non-current liabilities	**(1,492)**	(4,046)
Classified in current liabilities	**170,375**	49,059

Note:–

(a) Other loans of approximately HK$113,789,000 as at 31 March 2018, which was unsecured, repayable on demand and carried interest rate at 0.1% per month since 1 January 2018. The remaining amounts are interest-free, unsecured and repayable on demand.

19. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED (cont'd)

The following was an aging analysis of trade creditors:–

	2018 HK$'000	2017 HK$'000
0 – 30 days	**8,892**	9,741
31 – 60 days	**9,510**	5,463
61 – 90 days	**868**	2,074
91 – 180 days	**1,432**	656
Over 180 days	**506**	520
	21,208	18,454

20. CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Share capital

Ordinary shares of HK$0.01 each

	2018 Number of shares	2018 HK$'000	2017 Number of shares	2017 HK$'000
Authorized:–				
At the beginning and end of the year	**5,000,000,000**	**50,000**	5,000,000,000	50,000
Issued and fully paid:–				
At the beginning of the year	**2,777,450,000**	**27,775**	2,777,450,000	27,775
Rights Issue – Note 20(a)(i)	**1,388,725,000**	**13,887**	–	–
At the end of the year	**4,166,175,000**	**41,662**	2,777,450,000	27,775

20. CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY (cont'd)

(a) Share capital (cont'd)

Note:–

(i) On 14 June 2017, 1,388,725,000 new ordinary shares of HK$0.01 each ("Rights Share(s)") were allotted and issued by way of Rights Issue at a subscription price of HK$0.072 per Rights Share for a total cash consideration of approximately HK$100 million, before expenses. A premium of HK$0.062 per Rights Share for cash, the excess of the subscription price over the par value of the shares issued upon the Rights Issue, totalling approximately HK$86,101,000 was credited to the share premium account of the Company.

(b) Capital management

The Group's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to owners commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by issuing new equity shares, and raising or repaying debts as appropriate.

The Group's equity capital management strategy, which was unchanged from the previous periods, was to maintain a reasonable proportion in total debts and equity capital. The Group monitors equity capital on the basis of the debt-to-equity capital ratio, which is calculated as net debt over equity capital. Net debt is calculated as total debt less cash and cash equivalents. Equity capital comprises all components of equity (i.e. share capital, share premium, accumulated losses and reserves).

21. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year were set out below:–

	Share premium HK$'000	Accumulated losses HK$'000	Employee share-based compensation reserve HK$'000	Convertible bonds equity reserve HK$'000	Total HK$'000
At 1.4.2016	183,873	(198,804)	1,055	1,390	(12,486)
Cancellation of share option under mandatory unconditional cash offers – Note 28	–	1,055	(1,055)	–	–
Loss and total comprehensive loss for the year	–	(27,716)	–	–	(27,716)
At 31.3.2017 and 1.4.2017	183,873	(225,465)	–	1,390	(40,202)
Rights Issue – Note 20(a)(i)	86,101	–	–	–	86,101
Share issuing expenses	(1,099)	–	–	–	(1,099)
Loss and total comprehensive loss for the year	–	(18,353)	–	–	(18,353)
At 31.3.2018	268,875	(243,818)	–	1,390	26,447

(a) The share premium of the Company includes (i) shares issued at premium and (ii) the difference between the nominal value of the shares of the Company issued in exchange for the entire issued share capital and the value of the underlying net assets of its subsidiaries at the date they were acquired by the Company. Under the Companies Law, Cap. 22 of the (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium is distributable to the owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) As at 31 March 2018 and 2017, in the opinion of the Directors, the reserves available for distribution to the owners amounted to approximately HK$25,057,000 (2017: Nil).

22. OBLIGATIONS UNDER FINANCE LEASE

As at 31 March 2018, the Group had obligations under finance lease repayable as follows:–

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable:–				
Within one year	**–**	182	**–**	179
In the second to fifth year	**–**	–	**–**	–
	–	182	**–**	179
Less: Future finance charges	**–**	3	**–**	–
Present value of lease obligations	**–**	179	**–**	179

The lease term was two years. No arrangement had been entered into for contingent rental payments.

23. BANK LOANS – SECURED

	2018	2017
	HK$'000	HK$'000
Bank loans, secured		
– within one year	**5,140**	13,991

At 31 March 2018, the secured bank loans denominated in Hong Kong Dollar were bearing variable interest rates of HIBOR plus 2.5% to 3.0% (2017: HIBOR plus 2.5% to 3.0%) per annum. The weighted average effective interest rate on the bank loans was 3.72% per annum. The bank loans were secured by corporate guarantee provided by the Company and one subsidiary.

The banking facilities granted to ITHK require it to maintain a net worth of no less than HK$13,000,000 at any time. In the opinion of the Directors, none of the covenants, relating to the secured bank loans had been breached during the years ended 31 March 2018 and 2017.

24. LOANS FROM A CONNECTED PERSON/A DIRECTOR

Loans from a connected person represent loans from Mr. Tang, who resigned as the Chairman and executive Director of the Company with effect from 8 November 2016. Mr. Tang was a connected person under the GEM Listing Rules as at 31 March 2017. The loans from a connected person and a director were interest free, unsecured and repayable on demand.

As at 31 March 2018, loans from Mr. Tang were reclassified as other loans included in "Creditors, accruals and deposits received" because Mr. Tang is no longer deemed as connected person under the GEM Listing Rules.

25. CONVERTIBLE BONDS

On 21 August 2012, the Company issued convertible bonds in the principal amount of HK$80,000,000 (the "Convertible Bonds") to Strong Venture Limited ("Strong Venture") for the acquisition of subsidiaries. The Convertible Bonds are interest bearing at 2% per annum with a maturity date on 21 August 2015, which are convertible into shares of the Company at the conversion price of HK$0.080 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalization issues and rights issues etc) at any time after the issue date. Details of the Convertible Bonds are set out in the circular of the Company dated 30 July 2012.

The liability component included in the Convertible Bonds was initially recognized at approximately HK$77,225,000, represents the fair value of liability component of approximately HK$77,257,000 at the date of issue less transaction costs of approximately HK$32,000. The fair value of the liability component was estimated by discounted cash flows method using a market interest rate for an equivalent non-convertible debt.

The residual amount of approximately HK$2,521,000, representing the value of the equity conversion component of approximately HK$2,522,000 at the date of issue less transaction costs of approximately HK$1,000, was included in the Convertible Bonds equity reserve of the owners' equity.

The allocation of transactions costs was based on proportion between the allocated values of liability and equity conversion components at initial recognition. The transaction costs allocated to liability component is amortized over the expect life of convertible bonds by using effective interest method and included in imputed interest expenses.

On 8 July 2015, the Company entered into the supplemental deed with Strong Venture pursuant to which the Company and Strong Venture agreed to extend the maturity date of the Convertible Bonds for 36 months from the date falling on the third anniversary to the sixth anniversary of the date of issue of the Convertible Bonds. Save and except the amendment to the maturity date pursuant to the supplemental deed, all the terms and conditions of the Convertible Bonds remain unchanged, valid and in full force. The supplemental deed was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 10 August 2015.

25. CONVERTIBLE BONDS (cont'd)

On 21 August 2015, Strong Venture transferred the Convertible Bonds in the aggregate principal amount of HK$80,000,000 to Mr. Tang in consideration of the sum of HK$80,000,000. All terms and conditions of the Convertible Bonds remain unchanged.

On 9 October 2015, the bondholder, Mr. Tang exercised partially the conversion rights attaching to the Convertible Bonds in respect of the principal amount of HK$40,000,000 of the Convertible Bonds at the conversion price of HK$0.08 per conversion share. Upon such conversion of the Convertible Bonds, a total of 500,000,000 ordinary shares were allotted and issued, credited as fully paid, to the bondholder.

On 22 May 2017, the conversion price of the outstanding convertible bonds with principal amount of HK$40,000,000 has been adjusted from the initial conversion price of HK$0.08 per ordinary share to HK$0.07 per ordinary share in accordance with the terms of convertible bonds as a result of the completion of the Rights Issue on 14 June 2017 as disclosed in note 20(a)(i) to the consolidated financial statements. All other terms of the convertible bonds remain unchanged.

Movement of liability component for the years ended 31 March 2018 and 2017 was as follow:–

	HK$'000
At 1.4.2016	38,563
Imputed interest expense – Note 6(a)	762
At 31.3.2017 and 1.4.2017	39,325
Imputed interest expense – Note 6(a)	480
At 31.3.2018	**39,805**

26. CONTINGENT LIABILITIES

Financial guarantees issued by the Company

During the year ended 31 March 2018, the Company has issued guarantees to banks in respect of banking facilities of HK$13,000,000 (2017: HK$13,000,000) and HK$4,000,000 (2017: HK$4,000,000) granted to wholly-owned subsidiaries, ITHK and Truth Limited ("Truth") respectively.

ITHK and Truth are entities covered by guarantee arrangements issued by the Company to banks in respect of banking facilities granted to the subsidiaries which remain in force so long as the subsidiaries have drawn down under the banking facilities. Under the guarantees, the Company is a party to the guarantees for all borrowings of ITHK and Truth from the banks which are the beneficiaries of the guarantees.

As at the end of the reporting period, the Directors of the Company do not consider there is possibility that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued is the outstanding amount of the facilities drawn down by ITHK and Truth which are approximately HK$4,996,000 (2017: approximately HK$12,999,000) and approximately HK$144,000 (2017: approximately HK$992,000) respectively.

27. BANKING FACILITIES

As at 31 March 2018, the Group's bank facilities to the extent of HK$17,000,000 (2017: HK$17,000,000) were secured by corporate guarantees provided by the Company and a subsidiary (Notes 23 and 27).

As at 31 March 2018, the facilities were utilized to the extent of approximately HK$5,140,000 (2017: approximately HK$13,991,000) by the Group (Note 23).

28. SHARE OPTIONS

The Company adopted two share option schemes on 26 February 2003 ("Old Share Option Scheme") and 20 July 2012 ("New Share Option Scheme"), (collectively referred to as the "Share Option Schemes").

The committee (the "Committee") which was authorized and charged by the Directors with the administration of the Share Option Schemes, are authorized, at their discretion, to invite employees of the Group, including any executive Director or non-executive Director of the Company or other eligible employees to take up options to subscribe for the shares of the Company.

A sum of HK$1 is payable by the participant on acceptance of the option offer. As a vesting condition for the Share Option Schemes, the grantees have to be remained as Directors or employees of the Group during the vesting period.

28. SHARE OPTIONS (cont'd)

The exercise price of the shares (the "Exercise Price") in relation to options to be granted under the Share Option Schemes shall be determined by the Committee and notified to a participant and shall be at least the higher of:–

(i) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the date an option is offered (the "Offer Date"); and

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date,

provided that the Exercise Price shall not be lower than the nominal value of the shares.

No share option was granted during the year ended 31 March 2018 and as at that date, there was no share options outstanding under the Share Option Schemes. During the year ended 31 March 2017, 33,000,000 share options were cancelled upon the close and settlement of the mandatory unconditional cash offers to cancel all the then outstanding share options of the Company (the "Option Offer"). After the close and settlement of the Option Offer and as at 31 March 2017, no share options were outstanding.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities 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.

	Loans from a connected person HK$'000	Loans from a director HK$'000	Obligations under finance lease HK$'000	Bank loans, secured HK$'000	Other loans HK$'000	Total HK$'000
At 1.4.2017	107,101	2,644	179	13,991	–	123,915
Repayments of secured bank loans	–	–	–	(28,824)	–	(28,824)
Proceeds from new secured bank loans	–	–	–	19,973	–	19,973
Decrease in loans from a director	–	(2,644)	–	–	–	(2,644)
Capital element of finance lease rentals paid	–	–	(179)	–	–	(179)
Transfer from loans from a connected person to other loans	(107,101)	–	–	–	107,101	–
Increase in other loans	–	–	–	–	9,287	9,287
	–	–	–	5,140	116,388	121,528
Exchange adjustments	–	–	–	–	328	328
At 31.3.2018	–	–	–	5,140	116,716	121,856

30. OPERATING LEASE ARRANGEMENTS

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

	2018 HK$'000	2017 HK$'000
Within one year	**47,056**	54,624
More than one year but within five years	**23,339**	47,285
	70,395	101,909

Operating lease payments represent rentals payable by the Group for the use of restaurants, office premises, staff quarters, café, cake shops, cake factory and car parking spaces. Leases are negotiated (i) for terms of three months to five years (2017: six months to five years) with a pre-determined percentage of turnover or fixed monthly rentals whichever is higher; or (ii) for terms of one year to five years (2017: one year to five years) with fixed monthly rentals.

31. RELATED PARTY AND CONNECTED TRANSACTIONS

Except for loans from a director and disposal of subsidiaries as disclosed in notes 24 and 33, the Group had the following material transactions with its related parties as defined in HKAS 24 during the year:–

		Note	2018 HK$'000	2017 HK$'000
(i)	Interest expense on convertible bonds to Mr. Tang #	(a)	**–**	485
(ii)	Rental expense to Joint Allied Limited ##	(b)	**–**	938
(iii)	Rental expense to Assets Partner Limited ##	(b)	**–**	1,134

\# Mr. Tang, who resigned as the chairman and executive director of the Company with effect from 8 November 2016, had controlling interest. However, Mr. Tang ceased to be controlling shareholder who exercised control/significant influence over the Company on the same date and thus, he was not regarded as a related party of the Group since 8 November 2016.

\## Joint Allied Limited and Assets Partner Limited are owned by a family trust in which Mr. Tang is one of the beneficiaries.

31. RELATED PARTY AND CONNECTED TRANSACTIONS (cont'd)

The Group had the following material transactions with its connected person as defined in the GEM Listing Rules during the year:–

		Note	2018 HK$'000	2017 HK$'000
(i)	Interest expense on convertible bonds to Mr. Tang*	(a)	**644**	798
(ii)	Rental expense to Joint Allied Limited**	(b)	**1,299**	1,550
(iii)	Rental expense to Assets Partner Limited**	(b)	**–**	1,872

* Mr. Tang resigned as the chairman and executive director of the Company with effect from 8 November 2016 and resigned as a director of all the Company's subsidiaries with effect from 20 January 2017. However, Mr. Tang was a Director of the Company or its subsidiaries in the past 12 months and he was deemed as a connected person of the Group until 19 January 2018 under the GEM Listing Rules.

** Joint Allied Limited and Assets Partner Limited are owned by a family trust in which Mr. Tang is one of the beneficiaries.

Notes:–

(a) The interest rate was determined at 2% per annum.

(b) The transactions were entered based on the normal commercial terms.

The Directors (including the independent non-executive Directors) of the Company have reviewed the above related party and connected transactions and are of the opinion and confirm that these transactions were effected: (i) on normal commercial terms (or better to the Group); (ii) in the ordinary and usual course of the business of the Group; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

Key management compensation	2018 HK$'000	2017 HK$'000
Fees for key management personnel	**1,020**	622
Salaries, allowances and other benefits in kind	**3,011**	5,195
Retirement scheme contributions	**54**	99
	4,085	5,916

32. RETIREMENT BENEFIT COSTS

The Company's subsidiaries in Hong Kong had participated in the Mandatory Provident Fund Scheme ("MPF Scheme"). The assets of the MPF Scheme are held separately in an independently managed and administered fund. Contributions to the MPF Scheme are made by both the employer and employees at 5% on the employees' salaries or HK$1,500, whichever is the lower.

The Company's subsidiaries in Taiwan had participated in retirement schemes. Contributions to the schemes in Taiwan are made at 6% by both the employers and employees based on the employees' salaries.

The Company's subsidiaries in the PRC had participated in the state-sponsored retirement plan, contributions are made by the subsidiaries to the plan based on 11% to 21% of the applicable payroll costs. The Group has no other obligation other than the above-mentioned contributions.

33. DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2017, the Group disposed of the entire equity interest in Virtue Success Limited and its subsidiaries (collectively referred as to the "Virtue Success Group") to Mr. Tang, at a total consideration of HK$91,000, in order to dispose of the Group's tiny operations in Hong Kong.

The net assets of the Virtue Success Group being disposed of were as follows:–

	Note	2017 HK$'000
Net assets disposed of:–		
Deferred tax assets	15	1
Debtors, deposits and prepayments		76
Cash and bank balances		214
Creditors, accruals and deposits received		(208)
Net assets disposed of		83
Gain on disposal of subsidiaries		8
Total consideration		91
Total consideration satisfied by:–		
Cash consideration		91
Net cash outflow arising on disposal:–		
Cash consideration received		91
Cash and bank balances disposed of		(214)
		(123)

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

(a) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group has a credit policy in place and exposure to the credit risk is monitored on an ongoing basis.

The carrying amounts of financial assets as at 31 March 2018, which represented the Group's significant exposure to credit risks, were as follows:–

	2018	2017
	HK$'000	HK$'000
Debtors and deposits	**30,393**	30,223
Cash and bank balances	**108,059**	22,228
	138,452	52,451

In respect of trade debtors, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Payments by customers are mainly on cash and credit card except for well established corporate customers who entitled credit term of 30-60 days. Normally, the Group does not obtain collateral from customers.

The Directors consider that the credit risk from bank balances is minimal as the balances are placed with financial institutions with high credit ratings.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Sales to retail customers are mainly made in cash, Octopus or via major credit cards. At the end of reporting period, the Group has no significant concentrations of credit risk.

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet their financial obligations, measured by the debt-to-equity capital ratio.

Maturities of the financial liabilities of the Group as at 31 March 2018 were as follows:–

	2018 HK$'000	2017 HK$'000
Total amounts of contractual undiscounted obligations:–		
Loans from a connected person	–	107,101
Loans from a director	–	2,644
Obligations under finance lease	–	182
Bank loans, secured	5,156	14,033
Convertible bonds		
– liability component	40,116	40,436
Creditors and accruals	164,644	46,702
	209,916	211,098
Due for payment:–		
Within one year or on demand	209,916	171,462
In the second to fifth year	–	39,636
	209,916	211,098

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The following table details the Group's exposure at the end of reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. The exposure arising from the current accounts among the Company and its subsidiaries which are form part of net investment in foreign operations is excluded.

	2018				2017			
	United Stated Dollar US$'000	Renminbi RMB'000	Yen YEN'000	Taiwan Dollar TWD'000	United Stated Dollar US$'000	Renminbi RMB'000	Yen YEN'000	Taiwan Dollar TWD'000
Cash and bank balances	34	13	16	1	1,441	5	25	1

The Group's operations are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi and Taiwan Dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Since Hong Kong Dollar is pledged to United States Dollar, material fluctuation in the exchange rates of Hong Kong Dollar against United States Dollar is remote.

It is estimated that a fluctuation of 5% in foreign exchange rates with all other variables held constant would not have a material impact on the Group's loss for the years ended 31 March 2018 and 2017 and accumulated losses as at those dates.

The Group does not use financial derivatives to hedge against the currency risk. However, the currency risk of the Group is closely monitored by the management to ensure that the net exposure is kept to an acceptable level, by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(d) Interest rate risk

The Group's interest rate risk arises primarily from bank loans, obligations under finance lease, liability component of convertible bonds, other loans and bank balances. Except for the obligations under finance lease, liability component of convertible bonds and other loans which are held at fixed interest rates, all the bank loans and bank balances are held at variable rates. The Group does not use financial derivatives to hedge against the interest rate risk. However, the interest rate profile of the Group is closely monitored by the management and may enter into appropriate swap contracts, when it is considered significant and cost-effective, to manage the interest rate risk.

(i) Effective interest profile

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates per annum at the end of reporting period.

	2018		2017	
	Effective interest rate %	**HK$'000**	Effective interest rate %	HK$'000
Fixed rate financial liabilities				
– Obligations under finance lease	**–**	**–**	2.85	(179)
– Convertible bonds				
– liability component	**3.24**	**(39,805)**	3.24	(39,325)
– Other loans	**1.2**	**(113,789)**	–	–
Variable rate financial liability				
– Bank loans, secured	**3.71-3.99**	**(5,140)**	3.24-3.61	(13,991)
Variable rate financial assets				
– Bank balances	**0.01-0.05**	**118**	0.01-0.05	3,804
Net financial liabilities		**(158,616)**		(49,691)

34. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(d) Interest rate risk (cont'd)

(ii) It is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would not have a material impact on the Group's loss for the years ended 31 March 2018 and 2017 and accumulated losses as at those dates.

The sensitivity analysis above has been determined based on the exposure to interest rate for both derivatives and non-derivative instruments at the end of reporting period. The analysis is prepared assuming the amount of asset and liability outstanding at the end of reporting period was outstanding for the whole year. 100 basis points increase are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonable possible change in interest rates.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. As at 31 March 2018 and 2017, the Group did not have any financial instrument which is subject to market price risk.

(f) Fair values

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their values as at 31 March 2018 and 2017.

35. SEGMENT AND ENTITY-WIDE INFORMATION

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly review by the chief operating decision maker (the Directors) in order to allocation resources to the segment and to assess its performance.

(a) The Group operates in one business unit, and has one reportable and operating segment: food and beverage. Accordingly, the Group does not have any identifiable segment or any discrete information for segment reporting purpose.

(b) Geographical information

	PRC		Hong Kong/overseas		Consolidated	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue	**64,433**	88,395	**241,110**	248,024	**305,543**	336,419
Other income	**861**	808	**1,488**	1,343	**2,349**	2,151
Total revenue	**65,294**	89,203	**242,598**	249,367	**307,892**	338,570
Non-current assets	**4,606**	5,337	**77,061**	95,873	**81,667**	101,210

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets (excluding deferred tax assets) is based on (i) the physical location of the assets, in the case of plant and equipment (ii) the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and (iii) the location of operation to which they are incurred, in the case of debtors, deposits and prepayments.

(c) Major customers

The Group's customer base is diversified and no revenues from transactions with a single external customer amount to 10% or more of the Group's revenue for the years ended 31 March 2018 and 2017.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**434**	731
Interests in subsidiaries		**20,689**	31,700
		21,123	32,431
CURRENT ASSETS			
Debtors, deposits and prepayments		**574**	706
Cash and cash equivalents		**90,835**	309
		91,409	1,015
DEDUCT:–			
CURRENT LIABILITIES			
Convertible bonds	25	**39,805**	–
Loans from a director		**–**	2,629
Creditors, accruals and deposits received		**4,618**	3,919
		44,423	6,548
NET CURRENT ASSETS/(LIABILITIES)		**46,986**	(5,533)
TOTAL ASSETS LESS CURRENT LIABILITIES		**68,109**	26,898
NON-CURRENT LIABILITIES			
Convertible bonds	25	**–**	39,325
		–	39,325
NET ASSETS/(LIABILITIES)		**68,109**	(12,427)
REPRESENTING:–			
Share capital	20(a)	**41,662**	27,775
Reserves	21	**26,447**	(40,202)
TOTAL EQUITY		**68,109**	(12,427)

37. EVENTS AFTER THE REPORTING PERIOD

(a) On 25 April 2018, the Company announced that Oceanic Fortress Holdings Limited ("Offeror") entered into the Sale and Purchase Agreement with Win Union Investment Limited ("Vendor") and Mr. Chan as the vendor guarantor, pursuant to which the Offeror conditionally agreed to purchase, and the Vendor conditionally agreed to sell an aggregate of 2,172,417,439 ordinary shares, representing approximately 52.14% of the entire issued share capital of the Company. The completion took place on 25 April 2018.

(b) As of 25 April 2018, the Offeror entered into a loan agreement with the Company in respect of an unsecured two-year term loan to the Company in the amount of HK$30,000,000 for the purpose of working capital. The loan was received by the Company on 26 April 2018. The loan is interest-bearing at the best lending rate as published by the Hongkong and Shanghai Banking Corporation Limited from time to time.

(c) On 22 June 2018, the lender of other loans signed a memorandum of loans with the Borrower, pursuant to which the outstanding other loans balance of approximately HK$115,037,000 as at 22 June 2018 will be repayable by the Borrower on 22 June 2019.

38. ULTIMATE HOLDING COMPANY

The Directors consider the ultimate holding company as at 31 March 2018 to be Win Union Investment Limited, a company incorporated in BVI.

RESULTS

	For the year ended 31 March				
	2014	2015	2016	2017	**2018**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	414,613	505,991	442,871	336,419	**305,543**
Loss before income tax	(27,901)	(34,891)	(34,736)	(50,351)	**(34,262)**
Income tax (expense)/credit	(289)	(2,021)	(3,898)	2,611	**(4,521)**
Attributable to:–					
Owners of the Company	(27,712)	(36,643)	(38,705)	(47,333)	**(37,687)**
Non-controlling interests	(478)	(269)	71	(407)	**(1,096)**
Loss for the year	(28,190)	(36,912)	(38,634)	(47,740)	**(38,783)**

Financial Summary

ASSETS AND LIABILITIES

	At 31 March				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
NON-CURRENT ASSETS	158,789	154,495	110,390	107,531	**83,495**
CURRENT ASSETS	83,181	108,029	81,594	61,084	**145,029**
DEDUCT:–					
CURRENT LIABILITIES	122,743	260,656	148,862	173,413	**216,038**
NET CURRENT LIABILITIES	(39,562)	(152,627)	(67,268)	(112,329)	**(71,009)**
TOTAL ASSETS LESS CURRENT LIABILITIES	119,227	1,868	43,122	(4,798)	**12,486**
NON-CURRENT LIABILITIES	(87,177)	(6,290)	(43,563)	(43,946)	**(1,741)**
NET ASSETS/(LIABILITIES)	32,050	(4,422)	(441)	(48,744)	**10,745**