Dining Concepts

Dining Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8056

ANNUAL REPORT
2018/19

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CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. James Fu Bin Lu *(Chairman and Chief Executive Officer)*
Mr. Sandeep Sekhri
Mr. Long Hai

Non-executive Director:

Mr. Li Lun

Independent non-executive Directors:

Mr. Lu Cheng
Mr. Fei Dingan
Mr. Shi Kangping

COMPLIANCE OFFICER

Mr. Long Hai

AUTHORISED REPRESENTATIVES

Mr. James Fu Bin Lu
Ms. Cheng Lucy

COMPANY SECRETARY

Ms. Cheng Lucy

AUDIT COMMITTEE

Mr. Shi Kangping *(Chairman)*
Mr. Fei Dingan
Mr. Lu Cheng

REMUNERATION COMMITTEE

Mr. Lu Cheng *(Chairman)*
Mr. Fei Dingan
Mr. Long Hai

NOMINATION COMMITTEE

Mr. James Fu Bin Lu *(Chairman)*
Mr. Lu Cheng
Mr. Shi Kangping

REGISTERED OFFICE

Clifton House
75 Fort Street
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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Central, Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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LEGAL ADVISER TO THE COMPANY

Sidley Austin

PRINCIPAL BANKER

The Hong Kong and Shanghai Banking Corporation Limited

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
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Admiralty
Hong Kong

COMPLIANCE ADVISER

China Tonghai Capital Limited
(formerly known as Oceanwide Capital Limited)

COMPANY'S WEBSITE

http://www.diningconcepts.com

GEM STOCK CODE

8056

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT TO OUR SHAREHOLDERS

On behalf of the board of Directors (the "**Board**"), I am pleased to present the annual results of the Group for the year ended 31 March 2019.

FINANCIAL RESULTS

For the year ended 31 March 2019, the total revenue of the Group was approximately HK$593.0 million (2018: HK$550.4 million). Loss before taxation was approximately HK$22.1 million (2018: Profit before taxation of HK$5.1 million) and loss for the year attributable to owners of Company was approximately HK$27.9 million (2018: HK$2.3 million). The significant increase in loss was mainly attributable to the loss on disposal of property, plant and equipment in relation to the close down of non-profitable restaurants and relocation of a Group's restaurant during the year ended 31 March 2019, as well as an increase in one-off legal and professional fees mainly derived from the change in the Company's controlling shareholder during the year ended 31 March 2019.

BUSINESS REVIEW AND PROSPECTS

1. Company Strategic Highlights

For the year ended 31 March 2019, the change of controlling shareholder of the Company was one of the biggest events that happened. As promised, we have spent a few months afterwards to conduct a detailed review of the business operations and financial position of the Group for the purposes of developing a sustainable business development strategy of the Group. As part of the result of this review, we have identified a series of action items to diversify and refine the business of the Group with a view to reposition its operational sphere and increase its sources of income, as well as to enhance returns for the shareholders of the Company as a whole. As the new chairman and representative of the Board, I would like to take a moment to share with you the strategic thinking that will be the driving force behind the Company.

Operational Excellence: Lean and Then Digitize

With a keen focus on operations of existing businesses, we have continued to optimize all parts of our business up and down the supply chain. We have shutoff businesses of low efficiency, shifted resources to double down on more promising areas, and strategically expanded in areas where we see new opportunities. While we have been very fortunate to have a talented management team that continues to keep our operations lean, we also aim to digitize on these lean processes. A great example of this is in our payment processing. Cash management has traditionally been a problematic area for any food & beverage ("**F&B**") businesses. In the past year, we have introduced Alipay on top of the existing digital payment methods. With a diligent push to adopt digital payment methods, cash payment as a percentage of all payment continues to drop and now hovering in the teens. Not only this makes our business easier to manage, the increasing adoption of digital payment methods has a profound impact in terms of transparency of the operations and makes investing in our F&B business with a lot more confidence as a result. This is just one of many examples we have done and will continue doing to improve our operations. Once we have found the operation process lean and efficient, we will then seek to digitize that process. Not the other way around. We are confident that these changes will bear great results for our shareholders in the long run.

Growth: Go Wide and Deep

Growth is going to be a constant topic on the top of our mind. We aim to identify areas of opportunities to expand what we do both in terms of geography, the types of businesses, and the depth of work where we have already done a lot of businesses today. It is with fascination as I get to learn more about our Company. The talented staff, the dynamic nature of what it takes to make our business successful and the depth we have already gone to make it so today. With confidence, I am excited to identify new areas of growth and I would like to outline a few below.

– Geography Expansion: our Company has already been quite successful in the Hong Kong F&B market. We aim to continue to excel and expand in Hong Kong. However, what we offer can serve in a much greater market with a much bigger impact, that is the mainland China. With over 1.5 billion population and soon to be the largest middle class population in the world, the market is wide open for top-quality products and services our Company had already provided in Hong Kong.

– Expertise Expansion: much of what makes our current business successful requires deep expertise in various subject matter. In many cases, we organically develop these talents in house and exclusively serve our business. For example, many of our locations' interior designs are all done in house. Quite a number of our locations are well featured in various magazines. We seek to take expertises as such to expand their scope of service, to act independently as a business, and to incubate them within the Group.

– Investment for Synergy: with the outstanding cash generated from operations, we will look to invest in businesses that have synergies with what we already have. We seek to leverage the power of capital to build new and sustainable businesses within the group over time.

During the year ended 31 March 2019, we have established 2 wholly-owned foreign enterprises (the "**WOFEs**") in the People's Republic of China (the "**PRC**") to begin our growth story. One entity will serve as the holding company for all new organic incubated business activities we will perform in the PRC. The other entity will serve as the main investment vehicle. We will strategically combine what we are good at with local markets' know-how. We will take talents that has been proven within the Group and combine them with external fresh blood to maximize the likelihood of our success. In the last quarter of the year ended 31 March 2019, we have already started to assemble teams and began business activities. I am excited to report more progress in the days to come.

2. **Business Highlights**

F&B Business

During the year ended 31 March 2019, the Group maintained its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. At present, the Group is operating 27 restaurants, with 24 full-service restaurants and 3 bakery restaurants.

During the year ended 31 March 2019, the Group has opened 2 new restaurants, 1 restaurant was relocated and 3 restaurants were closed. The 2 new restaurants, including Dragonfly and Maze Grill, had brought different dining experiences to the customers with good reputation. The restructuring of restaurants portfolio could provide freshness to our customers and increase our diversification to broaden our customer base.

The Group sees the challenges to its business going forward. In Hong Kong, consumers' expectation to boutique dining is rising and diners become more budget-cautious to spending. The Group will constantly re-think, innovate and improve its values in terms of freshness, authenticity, presentation, attitude, friendliness, warmth, décor and design, in order to deliver the best dining experience to all diners at the Group's restaurants.

Other Businesses

During the year ended 31 March 2019, the other new businesses in the Group were insignificant and too early to report at this moment. We will continue to invest and incubate new businesses.

APPRECIATION

The Board would like to extend its sincere thanks to our shareholders, business partners and customers for their utmost support to the Group. We would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

James Fu Bin Lu

Chairman

Hong Kong, 24 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2019 and up to the date of this report, the Group had been principally engaged in operating a variety of cuisines, mainly Asian, Western and Italian, targeting different customer segments with mid to high spending power.

Business Review

During the year ended 31 March 2019, the Group maintained its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. The Group has kept its strength in striving to uphold its core value, "Value for Money", through providing the customers with a boutique dining experience of quality dishes, attentive service and a relaxing environment.

Financial Review

Revenue

During the year ended 31 March 2019, the Group's revenue was generated from the operation of restaurants in Hong Kong. As at 31 March 2019, we were operating 27 (2018: 28) restaurants, of which 2 (2018: 4) restaurants were newly established, 1 (2018: Nil) restaurant was relocated and 3 (2018: Nil) restaurants were closed or disposed of.

The Group served mainly three categories of cuisines during the year ended 31 March 2019. The table below sets forth a breakdown of the Group's revenue generated by operation of restaurants by type of cuisine and as a percentage of total revenue generated by operation of restaurants during the year ended 31 March 2019:

	For the year ended 31 March			
	2019		2018	
	Revenue (HK$'000)	% of total revenue (%)	Revenue (HK$'000)	% of total revenue (%)
Western style	355,786	60.0	325,404	59.1
Italian style	146,388	24.7	129,290	23.5
Asian style	90,826	15.3	95,754	17.4
Total	593,000	100.0	550,448	100.0

Western style restaurants

The revenue generated from operation of Western style restaurants increased by approximately HK$30.4 million, or approximately 9.3%, from approximately HK$325.4 million for the year ended 31 March 2018 to approximately HK$355.8 million for the year ended 31 March 2019. Such increase was mainly due to (i) the full period operation of Le Pain Quotidien (Elements); (ii) the better performance of Western style restaurants in general during the year ended 31 March 2019; and (iii) the revenue derived from the two new restaurants newly opened in August 2018 and September 2018, respectively.

Italian style restaurants

The revenue generated from operation of Italian style restaurants increased by approximately HK$17.1 million, or approximately 13.2%, from approximately HK$129.3 million for the year ended 31 March 2018 to approximately HK$146.4 million for the year ended 31 March 2019. Such increase was mainly resulted from the commencement of operation of Dear Lilly in February 2018.

Asian style restaurants

The revenue generated from operation of Asian style restaurants decreased by approximately HK$4.9 million, or approximately 5.1%, from approximately HK$95.8 million for the year ended 31 March 2018 to approximately HK$90.8 million for the year ended 31 March 2019. The decrease in revenue was primarily attributable to (i) the close down of Lilya in December 2018; and (ii) decline in revenue generated from certain restaurants due to the declining economic conditions.

Cost of inventories consumed

The cost of inventories consumed mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants. The major food ingredients purchased by the Group includes, but is not limited to, vegetable, meat, seafood and frozen food. The cost of inventories consumed is one of the major components of the Group's operating expenses which amounted to approximately HK$136.2 million and HK$130.9 million for each of years ended 31 March 2019 and 2018, respectively, representing approximately 23.0% and 23.8% of the Group's total revenue generated from operation of restaurants for the corresponding year.

Staff costs

Staff costs represented one of the major components of the Group's operating expenses, which primarily consisted of Directors' emoluments, salaries, retirement benefit scheme contributions, equity-settled share-based payments and other benefits. The staff costs increased by approximately HK$20.2 million from approximately HK$170.0 million for the year ended 31 March 2018 to approximately HK$190.2 million for the year ended 31 March 2019. The increase in staff costs was mainly due to the increase in staff salaries from approximately HK$161.7 million for the year ended 31 March 2018 to approximately HK$182.6 million for the year ended 31 March 2019 as a result of the opening of new restaurants during the year, which exceeds the reduction upon close down of restaurants.

Rental and related expenses

Our rental and related expenses increased by approximately HK$8.0 million from approximately HK$103.8 million for the year ended 31 March 2018 to approximately HK$111.8 million for the year ended 31 March 2019. The increase was mainly due to additional rental expenses for new restaurants upon signing of tenancy agreements.

Other expenses

Other expenses mainly include advertising, cleaning and laundry expenses, credit card commission, packing and printing materials, music performance show and repair and maintenance. During the years ended 31 March 2018 and 2019, the Group recognised other expenses of approximately HK$64.6 million and HK$83.7 million, respectively, representing approximately 11.7% and 14.1% of the Group's total revenue for the corresponding year.

The increase was mainly due to the increases in (i) advertisement and design expenses of approximately HK$2.4 million recognised during the year ended 31 March 2019 due to the opening of new restaurants; (ii) repair and maintenance, printing materials, cleaning and travelling expenses of approximately HK$6.9 million during the year ended 31 March 2019 as a result of the expansion of the operation; (iii) credit card commission expenses of approximately HK$1.1 million due to the increase in revenue; and (iv) legal and professional fees of approximately HK$3.6 million during the year ended 31 March 2019 as a result of the change in the Company's controlling shareholder (please refer to the announcements of the Company dated 11 October, 1 November, 21 November and 12 December 2018 respectively, the circular of the Company dated 21 November 2018 and the composite offer and response document dated 21 November 2018 jointly issued by the Company and Strong Day Holdings Limited ("**Strong Day**") for details), as well as the set-up cost and startup costs of restaurants newly opened and re-opened during the year ended 31 March 2019.

Finance costs

Finance costs represent interest expense in respect of loans from the Then Shareholders (as defined below) granted in March 2017. On 30 March 2017, the Company entered into loan agreements with Dining Concepts (International) Limited, Indo Gold Limited, Minrish Limited and Mr. Jugdish Johnny Uttamchandani (collectively referred to as the "**Then Shareholders**") to borrow an aggregate amount of HK$15 million for working capital purpose. The loans are unsecured, carry a fixed interest rate of 3% per annum and have a maturity term of three years.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the year ended 31 March 2019 was approximately HK$27.9 million, while the loss attributable to owners of the Company for the year ended 31 March 2018 was approximately HK$2.3 million.

The major reason for the increase in loss attributable to owners of the Company was mainly due to three non-profitable restaurants, one of them is a Western restaurant, one is an Italian restaurant and another one is an Asian restaurant, were closed down during the year ended 31 March 2019. During the year ended 31 March 2019, the operating loss generated from these three restaurants (excluding loss on disposals of property, plant and equipment upon cease of their operations) was approximately HK$9.0 million. Since the three restaurants were closed down during the year ended 31 March 2019, increases in loss on disposals of property, plant and equipment and intangible assets of approximately HK$6.3 million, HK$0.3 million and HK$3.2 million, respectively, for the Western restaurant, the Italian restaurant and the Asian restaurant were recorded. The increase in loss attributable to owners of the Company was mainly derived from the shutting down of the three restaurants as stated above. The management believes that the shutting down of the non-profitable restaurants and expansion of our existing profitable restaurants will lead to optimisation of the operation.

In addition to the above major reason, the increase in loss attributable to owners of the Company was due to the increases in (i) loss on disposals of property, plant and equipment of approximately HK$1.8 million as one Western restaurant was closed during the year ended 31 March 2019 and relocated; (ii) depreciation and amortisation expenses of approximately HK$3.0 million mainly derived from the property, plant and equipment acquired for two new restaurants opened during the year ended 31 March 2019; (iii) legal and professional fees of approximately HK$3.6 million mainly derived from the change in the Company's controlling shareholder, as well as the set-up cost and startup costs of restaurants newly opened and re-opened during the year ended 31 March 2019; and (iv) variable operating costs, such as staff costs, repair and maintenance expenses and other expenses, the effect of which was partially offset by the increase in revenue derived from new restaurants opened in the second half of 2017 and the first half of 2018.

Liquidity and Financial Resources

As at 31 March 2019, total assets of the Group amounted to approximately HK$197.1 million (2018: HK$228.9 million) and the bank balances and cash of approximately HK$31.9 million (2018: HK$48.8 million). The bank balances and cash were denominated in Hong Kong dollars ("**HK$**"). The Group's working capital was approximately negative HK$1.6 million (2018: HK$4.5 million), represented by total current assets of approximately HK$62.6 million (2018: HK$72.5 million) against total current liabilities, net of loan from the Then Shareholders, of approximately HK$64.1 million (2018: HK$68.1 million). The current ratio, being the proportion of total current assets against total current liabilities, was 0.79 (2018: 1.07). The gearing ratio (being sum of borrowings divided by the equity attributable to owners of the Company) of the Group as at 31 March 2019 was approximately 0.13 (2018: 0.10). Total equity was approximately HK$118.0 million (2018: HK$145.9 million).

On 30 March 2017, the Company entered into loan agreements with the the Then Shareholders to borrow an aggregate amounts of HK$15 million for working capital purpose. The loans are unsecured, carry a fixed interest rate of 3% per annum and have a maturity term of 3 years.

Save as the abovementioned loan from the Then Shareholders, the Group did not have other borrowings for the years ended 31 March 2018 and 2019.

Outlook

Despite the keen competition and challenging operating environment in food and beverage industry in Hong Kong, the Group has emerged as one of the well-known restaurant chains in Hong Kong. During the year ended 31 March 2019, the Group continued to maintain its focus in serving a variety of cuisines at varying prices under different brands to a diversified customer base in Hong Kong. At present, the Group is operating 27 restaurants, with 24 full-service restaurants and 3 bakery restaurants.

The Group's strategy in the coming year is to optimise its existing restaurant portfolios by upgrading existing restaurants and promoting the newly opened "casual style" restaurants and bars of popularity such as Le Pain Quotidien, Ophelia, Iron Fairies & J.Boroski, Dear Lilly and Dragonfly that have brought different dining experiences to the customers. The current restaurant portfolios could upkeep freshness to the customers and increase the cuisine diversification to broaden the Group's customer bases. The Group will also develop its own brand to enlarge its share in the market of casual dining restaurants and bars by providing great environment for dining, variety of entertainment such as live band shows, international DJ's performance, broadcast major sporting events and host of costume parties.

The Group is also re-considering the operation strategy and we have relocated one of our renowned restaurants to the Peak. Our management is considering to upgrade our restaurant image and expand our operation in exciting locations in Hong Kong.

On the other hand, the Group will continue to control its operating costs by centralising the purchase bargain with its suppliers to leverage its extensive restaurant network for reduced costs and negotiating with the lessors for leases of longer terms and favourable conditions.

During the year ended 31 March 2019, the Group had established 2 WOFEs in the PRC. The management continues looking into possible expansion of business in the PRC in order to develop a strong, growing and diversified business sector.

Comparison of Business Plan with Actual Business Progress

The following is a comparison of the Group's business plan as set out in the Company's prospectus dated 27 July 2016 (the **"Prospectus"**) with actual business progress for the year ended 31 March 2019.

	Business plan up to 31 March 2019 as set out in the Prospectus	Actual business progress up to 31 March 2019
Continue to expand our restaurant network	Identification of suitable locations and setup new restaurants in Hong Kong	2 restaurants were opened for the year ended 31 March 2019.
Further enhance our brand recognition in Hong Kong	Upgrade, by way of renovation, our existing restaurant(s)	The Group had carried out renovation works in existing restaurants and relocated our restaurants to upgrade our restaurant image during the year ended 31 March 2019.
Enhance overall profitability of our restaurants	Marketing activities for promoting brand image	The Group has arranged regular advertising compaigns.

The net proceeds from the listing (the "**Listing**") by way of placing of 200,000,000 ordinary shares of the Company at a price of HK$0.45 each on 5 August 2016 (the "**Listing Date**" and the "**Placing**", respectively) were approximately HK$26.9 million and the actual expenses related to the Listing. Accordingly, the Group adjusts the use of proceeds in the same manner and proportion as shown in the Prospectus.

The net proceeds from the Placing from the Listing Date to 31 March 2019 had been applied as follows:

	Adjusted use of proceeds in the same manner and proportion as shown in the Prospectus from the Listing Date to 31 March 2019 HK$'million	Actual use of proceeds from the Listing Date to 31 March 2019 HK$'million
Continue to expand our restaurant network	24.8	24.8
Further enhance our brand recognition in Hong Kong	1.7	1.7
Enhance overall profitability of our restaurants	0.4	0.4
	26.9	26.9

The proceeds from the Placing had been fully utilised as at 31 March 2019 and in accordance with the proposed applications set out in the Prospectus.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including market risk, credit risk and liquidity risk. The risk management policies and practices of the Group are stated in note 27 to the consolidated financial statements in this annual report.

Foreign Exchange Exposure

Since most of the Group's and Company's transactions are mainly denominated in HK$, the Directors are of the opinion that the Group's and Company's exposure to foreign exchange rate risk is minimal.

Pledge of Assets

As at 31 March 2019, save as restricted bank deposits of approximately HK$5,290,000 (2018: HK$2,863,000) for the Group's obligations under certain operating leases, the Group did not pledge any other assets (2018: Nil).

Contingent Liabilities

As at 31 March 2019, the Group did not have any significant contingent liabilities (2018: Nil).

Capital Commitments

As at 31 March 2019, the Group's outstanding capital commitments was approximately HK$3,066,000 (2018: HK$3,384,000).

Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 March 2019 (2018: Nil).

Employees and Remuneration Policies

As at 31 March 2019, the total number of employees of the Group was 725 (2018: 734). Total staff costs (including Directors' emoluments) was approximately HK$190,241,000 for the year ended 31 March 2019 (2018: HK$170,045,000).

Employees' remuneration (including Directors' emoluments) is commensurate with their job nature, qualifications, experience and market conditions. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors.

The Group continues to offer competitive remuneration packages and bonus to eligible staff, based on the performance of the Group and the individual employee.

The Company has adopted a share option scheme as an incentive to the Directors and eligible employees. The Group also provides and arranges on-the-job training for the employees.

Significant Investments

As at 31 March 2019, the Group did not hold any significant investment or capital assets.

Event After Reporting Period

An extraordinary general meeting was held on 17 June 2019 (the "**EGM**") in which the resolutions regarding (i) proposed to change the English name of the Company from "Dining Concepts Holdings Limited" to "Life Concepts Holdings Limited", and to change the dual foreign name in Chinese of the Company from "飲食概念控股有限公司" to "生活概念控股有限公司" (the "**Change of Company Name**"); and (ii) the re-election of Directors were passed by the shareholders of the Company. Following the passing of the special resolution approving the Change of Company Name at the EGM, the Company has carried out the necessary filing procedures with the Registrar of Companies in the Cayman Islands and thereafter with the Companies Registry in Hong Kong. For further information, please refer to the Company's announcements dated 20 May 2019 and 17 June 2019 and the circular of the Company dated 24 May 2019.

In addition, subject to the confirmation by the Stock Exchange, the English and Chinese stock short names of the Company for trading in the securities on the Stock Exchange will also be changed after the Change of Company Name becoming effective.

Further announcement(s) will be made by the Company in relation to the effective date of the Change of Company Name and the change in stock short names.

Future Plans for Material Investments and Capital Expenditures

Save as disclosed in the section headed "Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures" below, the Group did not have any plans for material investments during the year ended 31 March 2019.

The Group will finance the future acquisitions through internally generated funds and other fund raising activities, including but not limited to issue of new debts or equity instruments.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

On 1 February 2018, a conditional sale and purchase agreement was entered into between DC Events Limited, a wholly-owned subsidiary of the Company, as the purchaser, and a group of third parties who are independent of and not connected with the Company and its connected person (as defined under the GEM Listing Rules), as the vendors, for the acquisition of the entire issued share capital of Kowloon Cantons Cricket Company Limited (the "**Target Company**") at a total consideration of approximately HK$2,000,000 (the "**Consideration**").

The Target Company is incorporated in Hong Kong with limited liability and runs a cricket team in Hong Kong. By acquiring the Target Company, the Group can promote its brands and restaurants through the cricket tournaments and promotional events of the cricket club. The Directors believe that the acquisition can help advertising and marketing different brands under the Group to the target customers and expand customer base.

The transaction was completed on 3 April 2018. Upon completion of the acquisition, the Target Company became a wholly-owned subsidiary of the Company and the financial information of the Target Company is consolidated into the financial information of the Group.

Other than as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2019.

Mandatory Unconditional Cash Offers

During the year ended 31 March 2019, the Company has undergone a change in its controlling shareholder upon completion of the share purchase agreement dated 11 October 2018 entered into among the Then Shareholders and Prometheus Capital (International) Co, Ltd. ("**Prometheus Capital**") as vendors, Strong Day as purchaser and Sandeep Sekhri, an executive Director, and Prometheus Capital as the guarantors for the respective corresponding vendors for acquiring 600,000,000 shares, representing approximately 74.05% of the entire issued share. The transaction contemplated under the aforesaid share purchase agreement was completed on 12 December 2018.

Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers, Strong Day was required to make a mandatory unconditional cash offer for all the issued shares (other than those already owned or to be acquired by Strong Day and parties acting in concert with it). For further details, please refer to the announcements of the Company dated 11 October, 1 November, 21 November and 12 December 2018 respectively, the circular of the Company dated 21 November 2018 and the composite offer and response document dated 21 November 2018 jointly issued by the Company and Strong Day (the "**Mandatory Unconditional Cash Offers**").

Financial Assistance from Substantial Shareholder

On 30 March 2017, a shareholders' loan agreement was entered into between the Then Shareholders as lenders and the Company as borrower (the **"Then Shareholders Loan Agreement"**), pursuant to which the lenders have severally agreed to provide a term loan to the Company in the aggregate amount of HK$15,000,000 (the "**Loan**"). Detail terms of the Loan were disclosed in note 23 to the consolidated financial statements.

As at the date of the Then Shareholders' Loan Agreement, the lenders held approximately 53.88% of the issued share capital of the Company in aggregate and were the controlling shareholders of the Company and were therefore connected persons of the Company. Accordingly, the Shareholders' Loan Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. However, the Board considers that as (i) the Shareholders' Loan Agreement has been entered into after arm's length negotiations between the Company and the lenders and determined on normal commercial terms or better and (ii) the Loan is not secured by any assets of the Group, the Loan is fully exempted from the shareholders' approval, annual review and all disclosure requirements under Rule 20.88 of the GEM Listing Rules.

Upon the completion of the Mandatory Unconditional Cash Offers on 12 December 2018, the Loan was no longer a financial assistance from substantial shareholder.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. James Fu Bin Lu, aged 36, was appointed as an executive Director, the chairman of the Board and chief executive officer of the Company on 12 December 2018. He is also the chairman of the nomination committee of the Board (the "**Nomination Committee**"). Mr. Lu is a founding partner of Capital XY Inc., an investment business firm focused on venture and private equities, and Longview Capital LLC, a United States (the "**U.S.**") based real estate management company. He has years of experience working in technology, media and internet industries, and previously served as a vice president at Baidu, Inc. ("**Baidu**"). Mr. Lu held a number of senior management positions in real estate, internet and e-commerce companies both in China and the U.S., responsible for business operation and investment. Mr. Lu graduated from the University of Michigan with a master's degree in electrical engineering and computer science.

Mr. Sandeep Sekhri, aged 53, is the executive Director. He is the founder of the Group and a director of certain subsidiaries of the Company. He has overseen the growth and diversification of the Group since its inception and is primarily responsible for overseeing and planning the business strategies and the overall management of the Group. Mr. Sekhri has over 23 years of experience in hospitality and full-service restaurant industries in Hong Kong and India. Mr. Sekhri received a bachelor's degree in commerce from University of Delhi in April 1988 and a diploma in hotel management catering and nutrition from Board of Technical Education Delhi in April 1987.

Mr. Long Hai, aged 34, was appointed as an executive Director on 12 December 2018. He is also a member of the remuneration committee of the Board (the "**Remuneration Committee**"). Mr. Long is a certified public accountant in the PRC and has over 10 years of work experience in the financial sector. He previously served as head of the finance department of Sichuan Shengtian New Energy Development Co. Ltd and as a project manager in ShineWing Certified Public Accountants (Special General Partnership), an accounting firm based in the PRC, where he was involved in initial public offerings, audit, mergers and acquisitions, due diligence and management consulting projects for listed companies, large and medium-sized state owned enterprises, and private enterprises. Mr. Long graduated from Sichuan Normal University with a bachelor's degree in accounting.

Non-executive Director

Mr. Li Lun, aged 37, was appointed as a non-executive Director on 12 December 2018. He has over 10 years of work experience in the financial sector. He previously served as, among others, a deputy general manager in the Sichuan Financial Assets Exchange, and a deputy general manager in Sichuan Guanghua Zhishang Asset Management Co., Ltd. Mr. Li holds a bachelor's degree in engineering from Tsinghua University of the PRC.

Independent non-executive Directors

Mr. Lu Cheng, aged 36, was appointed as an independent non-executive Director on 12 December 2018. He is also the chairman of the Remuneration Committee and a member of each of the audit committee of the Board (the "**Audit Committee**") and the Nomination Committee. Mr. Lu has over 13 years of investment management experience in the U.S., the PRC, Asia and Europe. He is currently the chief operating officer of KCA Capital Partners, an investment management firm with offices in Singapore, Beijing and Seoul and which is engaged in private equity investments. KCA Capital Partners is a subsidiary of China International Capital Corporation Limited. Mr. Lu previously held management roles with HOPU Investments Management Company Limited and Citic Capital Holdings Limited, and commenced his career in investment banking with Citigroup in New York. Mr. Lu received his master's degree in business administration from Harvard Business School, and also holds a bachelor of science degree in computer science and economics from the University of Virginia.

Mr. Fei Dingan, aged 36, was appointed as an independent non-executive Director on 12 December 2018. He is also a member of each of the Audit Committee and the Remuneration Committee. Mr. Fei has more than ten years of experience in investing in early stage and growth stage technology companies. He is currently the managing partner of Ledger Capital, a financial services and investment firm focused on digital assets and blockchain enablement of the real economy. Mr. Fei formerly served as executive director for Warburg Pincus and was responsible for managing its technology, media and telecommunications investments in the PRC and Southeast Asia. Mr. Fei's investment portfolio included unicorns such as Gojek, Uxin, NIO, Trax, Kuaishou, Inke, Liepin and Grindr. Mr. Fei holds a bachelor's degree from Amherst College, the U.S. and has an EMBA degree from Cheung Kong Graduate School of Business in the PRC.

Mr. Shi Kangping, aged 42, was appointed as an independent non-executive Director on 12 December 2018. He is also the chairman of the Audit Committee and a member of the Nomination Committee. Mr. Shi has over 20 years of experience in the accounting and finance sector. He is currently the chief financial officer at Maoyan Entertainment, a company listed on the Stock Exchange (stock code: 1896), which is engaged in media and entertainment and related business. Among others, Mr. Shi previously served as chief financial officer from December 2016 to December 2017 at Ping An Healthcare and Technology Company Limited, a company listed on the Stock Exchange (stock code: 1833), as director of internal audit and director of financial planning and analysis in Baidu from September 2011 to August 2014 and August 2014 to December 2016, respectively. He also held previous roles in the Microsoft Corporation, a company listed on the NASDAQ (stock symbol: MSFT) from July 2007 to September 2011, the transaction services department of PricewaterhouseCoopers LLP (Beijing) from January 2002 to July 2005, and the auditing department of Arthur Andersen LLP from July 1998 to September 2000. Mr. Shi received a bachelor's degree in accounting from the School of Economics and Management at Tsinghua University in Beijing, the PRC in July 1998, and a master's degree in business administration from Ross School of Business at the University of Michigan in Michigan, the U.S. in April 2007. Mr. Shi has been a chartered professional accountant of Canada since August 2000.

Senior Management

Mr. Kamal Sachar, aged 51, has been the director of finance of the Company since 6 October 2014. Mr. Sachar joined the Group in October 2002 and has been a financial controller of the Group since then. Mr. Sachar has extensive experience in accounting, finance, information technology, operations and management in restaurants and companies. Prior to joining the Group, Mr. Sachar had been the manager of audit and taxation of Pankaj Sachar & Associates from March 1991 to August 1993 and the assistant accounting manager of Harilela Strategic Group from September 1997 to October 2002. During his office in Pankaj Sachar & Associates and Harilela Strategic Group, he was primarily responsible for accounting and payrolls. Mr. Sachar obtained a bachelor's degree in commerce from University of Delhi, India in May 1990.

Ms. Ana Maria Lopez Donoso, aged 38, has been the director of design of the Company since March 2012. Ms. Lopez has extensive experience in the interior design of restaurants and other shops. Prior to joining the Group, Ms. Lopez had been an interior architect of Zanghellini & Holt Architects from May 2008 to March 2012. She has participated in many interior design projects, including the Apple Shop of Festival Walk in Kowloon and the Asian restaurant of Galaxy Group in Macau. Ms. Lopez obtained a bachelor's degree in architecture and a master's degree in urban development from Catholic University of Chile in June 2008.

Mr. Garry Grenville Bissett, aged 76, has been the director of marketing of the Company since 1 January 2015. Mr. Bissett joined the Group in January 2015 and has been a director of marketing on a full-time basis since then. Mr. Bissett has experience of more than 44 years in hospitality, marketing and public relations. Prior to joining the Group, Mr. Bissett had been a marketing manager in Choice Hotels International (formerly known as Flag Hotels and Flag Choice Hotels Australia) from 1989 to 1992, and promoted to general manager of marketing from 1992 to 1998. During his office of marketing manager and general manager of marketing in Choice Hotels International, he was primarily responsible for marketing, promotional activities and company collateral and domestic and international sales respectively. In February 2001, Mr. Bissett commenced his own sales, marketing and public relations company, Think Asia HK Ltd, serving a wide range of clients, including the Group since January 2002. Mr. Bissett completed his senior high school education at Hobart Matriculation College (formerly known as Hobart High School) in Australia in 1958.

CORPORATE GOVERNANCE REPORT

The Board is committed to achieving high standards of corporate governance by emphasizing transparency, independence, accountability, responsibility and fairness. The Board strives to ensure that effective self-regulatory practices exist to protect the interests of the shareholders of the Company and to enhance long-term shareholders' value.

Corporate Governance Practices

In the opinion of the Directors, save as disclosed in this report, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code (the "**CG Code**") during the year ended 31 March 2019. The Board will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

Corporate Governance Structure

The Board is primarily responsible for formulating strategies, monitoring performance and managing risks of the Group. At the same time, it also has the duty to enhance the effectiveness of the corporate governance practices of the Group. Under the Board, there are three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. All these committees perform their distinct roles in accordance with their respective terms of reference (available on the Company's website) and assist the Board in supervising certain functions of the senior management.

Directors' Securities Transactions

The Group has adopted the required standard of dealings in the securities (the "**Required Standard of Dealings**") as contained in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct for dealings in the securities of the Company by the Directors.

Having made specific enquiries by the Company, all the Directors have confirmed that they had complied with the Required Standard of Dealings during the year ended 31 March 2019.

Board of Directors

The Board currently comprises seven Directors as follows:

Executive Directors:

Mr. James Fu Bin Lu *(Chairman and Chief Executive Officer)*

Mr. Sandeep Sekhri

Mr. Long Hai

Non-executive Director:

Mr. Li Lun

Independent non-executive Directors:

Mr. Lu Cheng

Mr. Fei Dingan

Mr. Shi Kangping

The Board has the responsibility for leadership and control of the Company. They are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board may from time to time delegate certain functions to the senior management of the Group if and when considered appropriate. The senior management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time. The Board is accountable to the shareholders of the Company for the strategic development of the Group with the goal of maximizing long-term shareholder value, while balancing broader stakeholder interests.

The attendance record of each Director during the year ended 31 March 2019 at Board meetings, Audit Committee meetings, Remuneration Committee meeting, Nomination Committee meeting and annual general meeting (the "**AGM**") during the year ended 31 March 2019 is set out in the following table:

	Attendance/total no. of meetings held				
Name of Directors	**Board Meetings**	**Audit Committee Meetings**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**AGM**
Executive Directors					
Mr. Sandeep Sekhri##	4/4	N/A	N/A	1/1	1/1
Mr. James Fu Bin Lu*	1/1	N/A	N/A	N/A	N/A
Mr. Long Hai*	1/1	N/A	N/A	N/A	N/A
Mr. Sandip Gupta#	3/3	N/A	1/1	N/A	1/1
Non-executive Directors					
Mr. Li Lun*	1/1	N/A	N/A	N/A	N/A
Mr. Jugdish Johnny Uttamchandani#	3/3	N/A	N/A	N/A	1/1
Ms. Shalu Anil Dayaram#	3/3	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Lu Cheng*	1/1	1/1	N/A	N/A	N/A
Mr. Fei Dingan*	1/1	1/1	N/A	N/A	N/A
Mr. Shi Kangping*	1/1	1/1	N/A	N/A	N/A
Mr. Chan Ming Sun Jonathan#	3/3	3/3	N/A	N/A	1/1
Mr. Zen Chung Hei, Hayley#	3/3	3/3	1/1	1/1	1/1
Mr. Amit Agarwal#	3/3	3/3	1/1	1/1	1/1

resigned as the chairman and a member of the Nomination Committee with effect from 4:00 p.m. on 12 December 2018

* *appointed with effect from 4:00 p.m. on 12 December 2018*

resigned with effect from 4:00 p.m. on 12 December 2018

All Directors are provided with details of agenda items for decisions making with reasonable notice. Directors have access to the advice and services of the company secretary of the Company (the "**Company Secretary**") who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

All Directors assume the responsibilities owed to the shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company's overall financial position. The Board updates the shareholders of the Company on the operations and financial position of the Group through quarterly, half yearly and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. Each of the independent non-executive Directors has made an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

According to the articles of association of the Company (the "**Articles**"), any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Relationship

There was no financial, business, family or other material relationship among the Directors. The biographical details of the Directors are set out in the section of "Biographical Details of Directors and Senior Management" of this annual report.

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of the chairman of the Board and chief executive officer of the Company should be separated and should not be performed by the same individual.

During the year ended 31 March 2019, the Company has not separated the roles of the chairman of the Board and the chief executive officer of the Company. Mr. Sandeep Sekhri was the chairman of the Board and also the chief executive officer of the Company responsible for overseeing the operations of the Group during the period from 1 April 2018 to 12 December 2018. Following the completion of the Mandatory Unconditional Cash Offers on 12 December 2018, the roles of both the chairman of the Board and the chief executive officer of the Company has been performed by Mr. James Fu Bin Lu. The Board believes that vesting the roles of both the chairman of the Board and the chief executive officer of the Company in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

Appointment, Re-Election and Removal

Under code provision A.4.1, all the non-executive Directors should be appointed for a specific term, subject to re-election. There was no service contract/letter of appointment entered into between the non-executive Director/independent non-executive Director and the Company, however their appointments are subject to retirement by rotation and re-election pursuant to the Articles.

At each annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be eligible for re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Corporate Governance Function

The Board is responsible for performing corporate governance duties and has adopted written terms of reference on its corporate governance functions.

The duties of the Board in respect of the corporate governance functions include:

(i) developing and reviewing the Company's policies and practices on corporate governance;

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

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

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

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

During the year ended 31 March 2019 and up to the date of the report, the Board has performed the corporate governance duties in accordance with its terms of reference.

Board Diversity Policy

The Board adopted a board diversity policy (the "**Policy**") setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge.

The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

On recommendation from the Nomination Committee, the Board will set measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Policy, as appropriate, to ensure its continued effectiveness from time to time.

Nomination Policy

The Board has established a set of nomination policy (the "**Nomination Policy**") setting out the approach to nominate suitable candidates to the Board for it to consider and make recommendations to shareholders for election as Directors at general meetings or appoint as Directors to fill casual vacancies. The criteria of nomination have been considered from a number of aspects, including but not limited to, skills, experience, qualifications and aspects as detailed in the Policy.

During the year ended 31 March 2019, the Company reviewed its nomination policy for a formal, considered and transparent procedure to help identifying and nomination of candidates for Directors. All valid nomination of candidates, accompanied with biographical details, would be presented to the Board for consideration. Consideration would be given to factors such as the candidate's integrity, experience and qualifications relevant to the Group's business. It is believed that members of the Nomination Committee collectively would have required relevant knowledge and skills to identify, invite and evaluate qualifications of nominated candidates for directorship.

The process of our appointment and re-election of Directors are as follows:

Potential new Directors are identified and considered for appointment at any time by the Board upon the recommendation of the Nomination Committee. External recruitment professional might be engaged to carry out selection proceor when necessary. Nomination Committee considers the candidates based on merit having regard to the knowledge, experience, skills and expertise as well as the overall board diversity which, in the opinion of the Directors, will enable them to make positive contributions on the performance of the Board and makes recommendations to the Board as appropriate. Emoluments of new Directors will be considered by the Remuneration Committee.

Newly appointed members by the Board to fill a casual vacancy on the Board is subject to re-election by the shareholders at the first general meeting after their appointment or as addition to the existing Board is subject to re-election by the shareholders at the first annual general meeting after their appointment. All Directors are subject to re-election by the shareholders every 3 years.

Remuneration Committee

The Remuneration Committee was set up on 14 July 2016 to oversee the remuneration policy and structure for all Directors and senior management.

The primary objectives of the Remuneration Committee include making recommendations to the Board on the remuneration policy and structure of the Directors and the senior management and recommending the remuneration packages of all executive Directors and senior management. The Remuneration Committee is also responsible to ensure that no Director or any of his associates will participate in deciding his own remuneration, which will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the year ended 31 March 2019, the Remuneration Committee held one meeting and reviewed the remuneration package of Directors and the senior management of the Company.

The Remuneration Committee comprises three members namely:

Mr. Lu Cheng (Chairman)

Mr. Long Hai

Mr. Fei Dingan

All the members are independent non-executive Directors except Mr. Long Hai, an executive Director.

Particulars of the Directors' remuneration for the year ended 31 March 2019 are set out in note 12 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Biographical Details of Directors and Senior Management" of this annual report for the year ended 31 March 2019 by band is set out below:

Remuneration Band	Number of individuals
Nil to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,500,000	1

Nomination Committee

The Company has established the Nomination Committee on 14 July 2016 for making recommendations to the Board on appointment of Directors and succession planning for the Directors. The principal duties of the Nomination Committee include reviewing the Board composition, making recommendations to the Board on the appointment and succession planning of Directors, assessing the independence of the independent non-executive Directors and reviewing the Policy.

During the year ended 31 March 2019, the Nomination Committee held one meeting and, among other matters, (i) reviewed the structure, size and composition of the Board; (ii) assessed the independence of the independent non-executive Directors; and (iii) reviewed and made a recommendation on the re-appointment of retiring Directors.

The Nomination Committee comprises three members namely:

Mr. James Fu Bin Lu (Chairman)

Mr. Lu Cheng

Mr. Shi Kangping

All the members are independent non-executive Directors except Mr. James Fu Bin Lu, executive Director.

Audit Committee

The Company has established the Audit Committee on 14 July 2016 with written terms of reference setting out the authorities and duties of the Audit Committee. The Audit Committee performs, amongst others, the following functions:

- Review financial information of the Group;
- Review relationship with and terms of appointment of the independent auditors; and
- Review the Company's financial reporting system, internal control system and risk management system.

During the year ended 31 March 2019, the Audit Committee held four meetings. The Audit Committee oversees the internal control system and risk management system of the Group, reports to the Board on any material issues, and makes recommendations to the Board.

Major accomplishments for the year ended 31 March 2019 comprised of the following:

(i) reviewed the final results for the year ended 31 March 2018, unaudited interim results for the six months ended 30 September 2018, the unaudited quarterly results for the three months ended 30 June 2018 and the unaudited quarterly results for the nine months ended 31 December 2018;

(ii) considered and approved the term and remuneration for the appointment of Deloitte Touche Tohmatsu as independent auditor;

(iii) reviewed the continuing connected transactions of the Group; and

(iv) reviewed the terms of reference of Audit Committee.

The Audit Committee comprises three members namely:

Mr. Shi Kangping (Chairman)

Mr. Lu Cheng

Mr. Fei Dingan

All the members are independent non-executive Directors (including one independent non-executive Director, Mr. Shi Kangping who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing independent auditor.

Risk Management and Internal Control

The Audit Committee reviews the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management of the Company.

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of risk management and internal controls within the Group to safeguard the interests of the shareholders and the Group's assets, and to manage and mitigate risks. The Board also acknowledges that no cost effective risk management and internal control systems will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board, through the Audit Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective not to appoint external independent professionals to perform internal audit function for the Group.

The Group has established internal control procedures for handling and dissemination of inside information, amongst others, the following in order to comply with code provision C.2.4 of CG Code as well as Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**"):

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- the Group has strictly prohibited unauthorized use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors, Company Secretary and investor relations officers are authorised to communicate with parties outside the Group.

Independent Auditor and its Remuneration

The statement of the independent auditor on their reporting responsibilities and opinion on the Group's consolidated financial statements for the year ended 31 March 2019 is set out in the section headed "Independent Auditor's Report" in this annual report.

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

The fees paid/payable to Deloitte Touche Tohmatsu for the year ended 31 March 2019 are set out as follows:

	Fee paid/payable HK$'000
Audit services	2,170
Non-audit services (Note)	856
Total	3,026

Note: Apart from the provision of annual audit services, Deloitte Touche Tohmatsu, the Group's independent auditor, also provided other non-audit services including agree-upon procedures and tax compliance.

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements for the year ended 31 March 2019, which give a true and fair view of the state of affairs of the Company and the Group's results and cash flows for the year then ended and are properly prepared on a going concern basis in accordance with the applicable statutory requirements and accounting standards. The Directors were not aware of any material uncertainties which may affect the Company's business or cast significant doubt upon the Company's ability to continue as a going concern.

In addition, Deloitte Touche Tohmatsu has stated its reporting responsibility in the independent auditor's report of the Company's consolidated financial statements for the year ended 31 March 2019.

Company Secretary

Ms. Cheng Lucy ("**Ms. Cheng**") was appointed as the Company Secretary with effect from 4:00 p.m. on 12 December 2018 in place of Mr. Kam Tik Lun who resigned on the same day effective from 4:00 p.m..

Ms. Cheng has been nominated by Boardroom Corporate Services (HK) Limited ("**Boardroom**") under an engagement letter made between the Company and Boardroom. The primary person at the Company with whom Ms. Cheng has been contacting in respect of company secretarial matters is Mr. James Fu Bin Lu, the Chairman, executive Director and Chief Executive Officer, Ms. Cheng had received no less than 15 hours of relevant professional training for the year ended 31 March 2019.

Investor Relations

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to a policy of open and timely disclosure of corporate information to the shareholders of the Company and the investment public.

The Company updates the shareholders of the Company on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company (www.diningconcepts.com) has provided an effective communication platform to the public and the shareholders of the Company.

Induction and Continuing Professional Development

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has continuously provided relevant training materials to the Directors. All Directors including the current Directors, namely Mr. James Fu Bin Lu, Mr. Sandeep Sekhri, Mr. Long Hai, Mr. Li Lun, Mr. Lu Cheng, Mr. Fei Dingan and Mr. Shi Kangping; and the then Directors, namely Mr. Sandip Gupta, Mr. Jugdish Johnny Uttamchandani, Ms. Shalu Anil Dayaram, Mr. Chan Ming Sun Jonathan, Mr. Zen Chung Hei, Hayley and Mr. Amit Agarwal participated in courses relating to roles, functions and duties of a listed company director or further enhancement of their professional development by the way of attending training courses or reading relevant materials. All Directors had provided the Company their training records for the year ended 31 March 2019 and the Company will continue to arrange training in accordance with code provision A.6.5 of the CG Code. The Directors and officers are indemnified under the directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

Dividend Policy

The Board has approved and adopted a dividend policy (the "**Dividend Policy**"). It is the policy of the Board in declaring or recommending a payment of dividends, to allow shareholders of the Company to participate in the Company's profits and for the Company to retain adequate reserves for future growth.

The Board shall consider the following factors before declaring or recommending any dividend:

- general business conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company;
- the financial condition and results of operations of the Group;
- the expected capital requirements and future expansion plans of the Group;
- future prospects of the Group;
- statutory and regulatory restrictions;
- contractual restrictions on the payment of dividends by the Group to the shareholders of the Company or by the subsidiaries of the Company to the Company;
- taxation considerations;
- shareholders' interests; and
- other factors the Board may deem relevant.

The Board may also pay half-yearly or at other suitable intervals to be settled by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits of the Company justify the payment. The payment of dividend is also subject to applicable laws and regulations and the Articles.

Whilst the Dividend Policy reflects the Board's current views on the financial and cash-flow position of the Group, such Dividend Policy will continue to be reviewed from time to time and there can be no assurance that dividends will be recommended or declared in any particular amount for any given period. The declaration of or recommendation of declaration of dividends is subject to the absolute discretion of the Board. Even if the Board decides to recommend and declare dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group.

Shareholder Communication

The objective of shareholder communication is to provide the shareholders of the Company with detailed information about the Company so that they can exercise their rights as shareholders of the Company in an informed manner.

The Company uses a range of communication tools to ensure the shareholders of the Company are kept well informed of key business imperatives. These include AGMs, extraordinary general meetings, annual reporting, various notices, announcements and circulars. The AGM and extraordinary general meetings of the Company are primary forums for communication between the Company and the shareholders of the Company. The Company provides the shareholders of the Company with relevant information on the resolution(s) proposed at general meetings in a timely manner in accordance with the GEM Listing Rules. The information provided is reasonably necessary to enable the shareholders of the Company to make an informed decision on the proposed resolution(s).

Constitutional Documents

During the year ended 31 March 2019, no amendments were made any change to the constitutional documents. A consolidated version of the Company's constitutional documents is available on the respective websites of the Company and the Stock Exchange.

Procedures for Shareholders to Convene an Extraordinary General Meeting

There are no provisions allowing shareholders of the Company to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2018 Revision). However, shareholders of the Company are requested to follow article 64 of the Articles which provides that extraordinary general meetings should be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If the Board fails to proceed to convene an extraordinary general meeting within 21 days of the deposit of the requisition, the requisitionist(s) may convene an extraordinary general meeting himself/themselves, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

The provisions for a shareholder of the Company to propose a person for election as a Director are laid down in article 113 of the Articles. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Hong Kong Branch Share Registrar. The period for lodgment of the notices required under this article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Procedures for Sending Enquiries to the Board

Shareholders of the Company may send written enquiries to the Company, for the attention of the Company Secretary, by email: cosec@diningconcepts.com, or mail to Suites 1701-3, 17/F, Chinachem Hollywood Centre 1,3,5,7,9,11 and 13 Hollywood Road, Central, Hong Kong.

Information Disclosure

The Company discloses information in compliance with the GEM Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders of the Company, investors as well as the public to make rational and informed decisions.

Conclusion

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

DIRECTORS' REPORT

The Board presents its annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2019.

Principal Activities

The Company acts as an investment holding company and its subsidiaries are principally engaged in the operation of restaurants in Hong Kong.

Business Review and Performance

Review of our business and performance

Information about a fair review of, and an indication of likely future development in, the Group's business during the year ended 31 March 2019 with financial key performance indicators is set out in the "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

Compliance with laws and regulations

During the year ended 31 March 2019, the Company was not aware of material non-compliance with the relevant laws and regulations that had a significant impact on the business and operations of the Group.

Important Event after the Reporting Period

The important event after the reporting period is set out the section headed "Management Discussion and Analysis" of this annual report.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing that the Group may be facing is set out in the section headed "Management Discussion and Analysis" of this annual report.

Environmental policies and performance

The Group is committed to nurturing its staff to care about and protect the environment. It conducts its business in a manner that balances the environment and economic needs.

The Group complies with all relevant environment regulations. It works with its partners including customers and suppliers in a concerted effort to operate in an environmentally responsible manner by making concerted efforts to be energy-efficient and to practise "Reduce, Reuse and Recycle".

Among others, the Group has taken the following initiatives:

- uses recycle print paper and toilet paper; and
- adjusts the temperature for an air-conditional at 24 degree celsius during winter season.

Details of the Group's environmental policy and performance are contained in the Environmental, Social and Governance Report on pages 41 to 46 of this annual report.

Stakeholders' engagement

The Group understands the importance of its customers, suppliers and employees to its long-term business development, and therefore has dedicated to establishing and maintaining a close and caring relationship with these stakeholders.

Recognising the crucial roles of our customers and suppliers in our business operations, the Group has reinforced its relationship with these business partners by ongoing communication in a proactive and effective manner. In particular, the Group has been through continuous interaction with its customers to ensure that the quality of our services has satisfied their needs and requirements and will, therefore, meet up to our customers' expectation. Besides, the Group is also dedicated to developing good relationship with its suppliers to ensure a stable supply of reliable and high-quality products for the Group's daily operation.

Apart from the above, the Group recognises the importance of human capital in its long-term development. The Group has provided a fair and safe workplace and offered competitive remuneration, benefits and career development opportunities based on the merits and performance of our employees. The Group also places ongoing effort to provide adequate training and development resources to our staff with the aim of fostering an environment in which the employees can develop to their fullest potential and can achieve their personal and professional growth.

Segment Information

The Group is principally engaged in the operation of a chain of restaurants in Hong Kong serving a variety of Asian, Western and Italian cuisines. Information reported to the chief operating decision maker for the purpose of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated.

The Group's revenue is mainly derived from customers in Hong Kong. The principal assets of the Group were also located in Hong Kong. Accordingly, no analysis by geographical segment is provided.

Share Capital

Details of the movements in the share capital of the Company during the year ended 31 March 2019 are set out in Note 24 to the consolidate financial statements of this annual report.

Results and Appropriations

The results of the Group for the year ended 31 March 2019 are set out in the consolidated financial statements on pages 52 to 56 of this annual report.

The Board has resolved not to recommend the payment of a final dividend in respect of the year ended 31 March 2019 (2018: Nil).

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the year ended 31 March 2019 are set out in note 14 to consolidated financial statements of this annual report.

Interest Capitalised

No interest was capitalised by the Group during the year ended 31 March 2019.

Reserves

Details of the movement in the reserves of the Company during the year ended 31 March 2019 are set out in note 34 to the consolidated financial statements of this annual report.

Distributable Reserves

As at 31 March 2019, the Company's reserves available for distribution to shareholders of the Company comprising share premium and other reserve accounts plus accumulated losses, amounted to approximately HK$12,763,000 (2018:HK$9,713,000). The distributable reserves are calculated under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Five-Year Financial Summary

A summary of the results, assets and liabilities of the Group for each of the last five financial years is set out on page 100 of this annual report.

Pre-Emptive Rights

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

Directors

The Directors during the year ended 31 March 2019 and up to the date of this report were:

Executive Directors:

Mr. James Fu Bin Lu **

Mr. Sandeep Sekhri ##

Mr. Long Hai *

Mr. Sandip Gupta #

Non-executive Directors:

Mr. Li Lun *

Mr. Jugdish Johnny Uttamchandani #

Ms. Shalu Anil Dayaram #

Independent non-executive Directors:

Mr. Lu Cheng *

Mr. Fei Dingan *

Mr. Shi Kangping *

Mr. Chan Ming Sun Jonathan #

Mr. Zen Chung Hei, Hayley #

Mr. Amit Agarwal #

Notes

- * appointed with effect from 4:00 p.m. on 12 December 2018
- ** appointed as Executive Director, Chairman and Chief Executive Officer with effect from 4:00 p.m. on 12 December 2018
- \# resigned with effect from 4:00 p.m. on 12 December 2018
- \## resigned as Chairman and Chief Executive Officer with effect from 4:00 p.m. on 12 December 2018

In accordance with article 108(a) of Articles, Mr. Sandeep Sekhri, Mr. Lu Cheng and Mr. Fei Dingan shall retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Confirmation of Independence

The Company has received a written confirmation of independence from each of the existing independent non-executive Directors, namely Mr. Lu Cheng, Mr. Fei Dingan and Mr. Shi Kangping, pursuant to Rule 5.09 of the GEM Listing Rules. As at the date of this report, the Company considers the independent non-executive Directors to be independent.

Directors' and Senior Management's Biographies

Biographical details of the current Directors and the senior management of the Group are set out on pages 14 to 16 of the annual report.

Directors' Service Contracts

Mr. Sandeep Sekhri has entered into a service contract with the Company for a term of three years commencing from the Listing Date and shall continue thereafter unless terminated by either party giving to the other not less than three months' notice in writing.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at the 31 March 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions

(a) *Shares in the Company*

Name of Director	Capacity/Nature of Interest	No. of shares and underlying shares	Percentage of shareholding
Mr. James Fu Bin Lu ("**Mr. James Lu**") Note	Interest of spouse/Family interest	607,600,000	74.99%

Note: These shares of the Company are held by Strong Day. Strong Day is 25% owned by Ms. Li Qing Ni, the spouse of Mr. James Lu. By virtue of the SFO, Mr. James Lu is deemed to be interested in the shares of the Company held by Strong Day. Mr. James Lu is also a director of Strong Day.

(b) *Shares in associated corporation of the Company*

Name of Director	Name of associated corporation	Capacity/Nature of Interest	No. of shares and underlying shares	Percentage of shareholding
Mr. James Lu	Strong Day	Interest of spouse/Family interest	250	25%

Save as disclosed above, as at 31 March 2019, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31 March 2019, the interests and short positions of substantial shareholders and other persons (not being a Director or the chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in shares:

Name	Capacity/Nature of Interest	Number of shares	Percentage of shareholding
Strong Day [Note]	Beneficial owner/Personal interest	607,600,000	74.99 %
Excel Precise International Limited ("**Excel Precise**") [Note]	Person having a security interest in shares/Others	607,600,000	74.99 %
True Promise Investments Limited ("**True Promise**") [Note]	Interest in controlled corporation/Corporate interest	607,600,000	74.99 %
Mr. Law Fei Shing ("**Mr. Law**") [Note]	Interest in controlled corporations/Corporate interest	607,600,000	74.99 %

Note: These shares of the Company are held by Strong Day. Excel Precise is the lender of record which has direct interest on the shares of the Company pledged by Strong Day. Excel Precise is owned as to 73.50% by True Promise and 25% by Mr. Law. True Promise is wholly owned by Mr. Law. By virtue of the SFO, True Promise and Mr. Law are deemed to be interested in the shares of the Company pledged to Excel Precise.

Save as disclosed above, as at 31 March 2019, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations or persons (other than a Director or the chief executive of the Company) had interest or short positions in the Shares and the underlying Shares, which/who would notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under section 336 of the SFO.

Competing Interest

During the year ended 31 March 2019 and up to the date of this report, none of the Directors or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competed or might compete with the business of the Group, or have any other conflict of interests with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as those interests set out in notes 22, 23 and 32 to the consolidated financial statements, there is no transactions, arrangements or contract of significance in relation to the Group's business, to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly subsisted as at 31 March 2019 or at any time during the year ended 31 March 2019.

Controlling Shareholders' Interest in Contracts

Save as those interests set out in notes 22, 23 and 32 to the consolidated financial statements, there was no material interest, either directly, in any contract of significant (whether for the provision of services to the Group or not) between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries subsisted as at 31 March 2019 or any time during the year ended 31 March 2019.

Related Party Transactions

A summary of the related party transactions entered into by the Group during the year ended 31 March 2019 is contained in note 32 to the consolidated financial statements. Certain related party transactions set out in note 32 to the consolidated financial statements are regarded as connected transactions and continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules. Details of such transactions are set out in the section headed "Connected Transactions and Continuing Connected Transactions" below.

Connected Transactions and Continuing Connected Transactions

On 30 March 2017, the Then Shareholders Loan agreement was entered into between the Then Shareholders as lenders and the Company as borrower, pursuant to which the lenders have severally agreed to provide a term loan to the Company in the aggregate amount of HK$15,000,000 (the "**Loan**"). Detail terms of the Loan were disclosed in note 23 of the consolidated financial statements.

As at the date of the Then Shareholders' Loan Agreement, the lenders held approximately 53.88% of the issued share capital of the Company in aggregate and are the controlling shareholders of the Company and are therefore connected persons of the Company. Accordingly, the Then Shareholders' Loan Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. However, the Board considers that as (i) the Then Shareholders' Loan Agreement has been entered into after arm's length negotiations between the Company and the lenders and determined on normal commercial terms or better and (ii) the Loan is not secured by any assets of the Group, the Loan is fully exempted from the shareholders' approval, annual review and all disclosure requirements under Rule 20.88 of the GEM Listing Rules.

During the year ended 31 March 2019, the Company has also entered into certain continuing connected transactions with connected persons. Details of which are set out below.

(A) Continuing connected transactions which are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements

(1) Tenancy agreement in respect of a store room in Hong Kong

In order to secure the rights of Lettuce Entertain to use the premises of Total Commitment Holdings Limited ("**Total Commitment (HK)**") as store room for its ordinary and usual course of business, Lettuce Entertain as tenant entered into a tenancy agreement (the "**Tenancy Agreement**") with Total Commitment (HK) as landlord to rent the premises with an annual rental fee of HK$180,000.

Total Commitment (HK) is owned as to 50% by Mr. Sekhri, an executive Director, and 50% by Mrs. Ranjna Sekhri, spouse of Mr. Sekhri. Hence, Total Commitment (HK) is a connected person of the Company for the purpose of the GEM Listing Rules. Lettuce Entertain is an indirect wholly-owned subsidiary of the Company. Accordingly, the lease under the Tenancy Agreement will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

During the year ended 31 March 2019, the aggregate amount of rental expenses paid to Total Commitment (HK) under the Tenancy Agreement was HK$180,000.

(B) Continuing connected transaction which is subject to the reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirements

(1) Master agreement in respect of the supply of utensils and kitchen equipment by Global Hotelware

In order to secure a stable supply of utensils and kitchen equipment, on 14 July 2016, the Company entered into a master agreement (the "**Utensils and Kitchen Equipment Supply Agreement**") with Global Hotelware Limited ("**Global Hotelware**") pursuant to which Global Hotelware agreed to supply utensils and kitchen equipment to the Group on a cost-plus basis at a mark-up rate to be determined from time to time with reference to the product types, cost of products, sales volume and selling price offered to independent third parties in order to ensure the price and terms offered by Global Hotelware are fair and reasonable and no less favourable than those offered to independent third parties. The term of the Utensils and Kitchen Equipment Supply Agreement commenced on the Listing Date and expired on 31 March 2019. It is agreed that such mark-up rate shall in any event be not more than 15%, and that the annual caps, being the maximum aggregate amount payable by the Group to Global Hotelware, are HK$8.0 million, HK$8.8 million and HK$9.8 million for the three years ended 31 March 2019, respectively.

Global Hotelware is owned as to 70% by Total Commitment (HK), the controlling shareholder, and 30% by Mr. Umesh Chander Bhasin, an independent third party to the Group. Hence, Global Hotelware is a connected person of the Company for the purpose of the GEM Listing Rules. Accordingly, the transactions contemplated under the Utensils and Kitchen Equipment Supply Agreement constituted continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The Directors confirm that the Utensils and Kitchen Equipment Supply Agreement is on normal commercial terms. The terms of the Utensils and Kitchen Equipment Supply Agreement are to be reviewed every three years, taking into account of the market conditions and the prevailing market price for utensils and kitchen equipment at the relevant time and no less favourable than those offered to independent third parties.

During the year ended 31 March 2019, the aggregate amount payable to Global Hotelware under the Utensils and Kitchen Equipment Supply Agreement was approximately HK$6,891,000.

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

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

(b) on normal commercial terms or better; and

(c) in accordance with the terms of the agreement governing the continuing connected transaction (i.e. the Utensils and Kitchen Equipment Supply Agreement) that are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Pursuant to Rule 20.54 of the GEM Listing Rules, the Directors engaged the independent auditor of the Company to perform certain work on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor has provided a letter to the Directors and confirmed that, during the year ended 31 March 2019:

(a) nothing has come to its attention that causes it to believe that the disclosed continuing connected transactions have not been approved by the Board;

(b) nothing has come to its attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreement governing such transactions; and

(c) nothing has come to its attention that causes it to believe that such continuing connected transactions have exceeded the annual cap as set by the Company.

Arrangements to Purchase Shares or Debentures

At no time during the year ended 31 March 2019 was the Company or its holding company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

Employees and Remuneration Policies

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

As at 31 March 2019, the Group had 725 employees. The Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of the Group. The Company also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Company regularly review and determine the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

Deed of Non-Competition

The Company has received the written confirmation from Dining Concepts (International) Limited, Total Commitment Holdings Limited, Mr. Sandeep Sekhri, Minrish Limited, Mr. Rajesh Prishotam Mirpuri, Mrs. Seema Rajesh Mirpuri, Mr. Jugdish Johnny Uttamchandani, Ideal Winner Investments Ltd., Ms. Shalu Anil Dayaram, Indo Gold Ltd., Mr. Pishu Wadhumal Uttamchandani, Mrs. Devi Pishu Uttamchandani and Mr. Mahesh Uttamchandani (collectively, the "**Controlling Shareholders**") in respect of the compliance with the provisions of the deed of non-competition (the "**Deed of Non-competition**"), entered into between the Controlling Shareholders and the Company as set out in the section headed "Relationship with our Controlling Shareholders – Non-Competition Undertaking by Controlling Shareholders" in the Prospectus from 1 April 2018 and up to the date immediately before each of them ceased to be a controlling shareholder (as defined under the GEM Listing Rules).

The independent non-executive Directors had reviewed and confirmed that the Controlling Shareholders have complied with the Deed of Non-competition and the Deed of Non-competition has been enforced by the Company in accordance with its terms from 1 April 2018 and up to the date immediately before each of them ceased to be a controlling shareholder (as defined under the GEM Listing Rules).

Major Customers and Suppliers

Due to the nature of the business, the majority of the customers consist of retail customers from the general public. As such, the Directors consider that it is not practicable to identify the five largest customers of the Group for the year ended 31 March 2019 and the Group did not rely on any single customer during the year ended 31 March 2019. Therefore, the largest customer and top five customers accounted for less than 5% and 30% of the revenue for the year ended 31 March 2019. The information in respect of the Group's purchases attributable to the major suppliers during the year ended 31 March 2019 is as follows:

	Percentage of the Group's total purchases
The largest supplier	7.7%
Five largest suppliers in aggregate	24.9%

None of the Directors, their close associates or any shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had a beneficial interest in any of the Group's five largest suppliers and customers.

Other Borrowings

Details of borrowings of the Group during the year ended 31 March 2019 are set out in note 23 to the consolidated financial statements.

Purchase, Sale or Redemption of Shares

The Company did not redeem any of its shares of the Company listed on GEM nor did the Company or any of its subsidiaries purchase, sell any such shares of the Company during the year ended 31 March 2019.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the amount of public float as required under the GEM Listing Rules since 4 March 2019 upon completion of the placing of shares of the Company.

Donations

During the year ended 31 March 2019, the charitable and other donations made by the Group amounted to approximately HK$424,000 (2018:HK$291,000).

Tax Relief

The Company is not aware of any relief on taxation available to the shareholders of the Company by reason of their holdings of the shares of the Company. If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of or dealing in, or exercising of any rights in relation to the shares of the Company, they are advised to consult their professional advisers.

Management Contract

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 March 2019.

Permitted Indemnity

Subject to the applicable laws, every Director will be entitled to 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 incurred by him in the execution of his duties pursuant to the Articles. Such provisions were in force during the course of the year ended 31 March 2019 and remained in force as of the date of this report.

Interest of the Compliance Adviser

As confirmed by the Company's compliance adviser, China Tonghai Capital Limited (previously known as Oceanwide Capital Limited) (the "**Compliance Adviser**"), save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 22 September 2015, none of the Compliance Adviser or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interest in relation to the Company or any member of the Group (including interest in the securities of the Company or any member of the Group, and options or rights to subscribe for such securities) during the year ended 31 March 2019, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Equity-linked Agreements

No equity-linked agreements that will or may result in the Company issuing shares of the Company or that require the Company to enter into any agreements that will or may result in the Company issuing shares of the Company were entered into by the Company during the year ended 31 March 2019 or subsisted as at 31 March 2019.

Compliance with the Corporate Governance Code

Particulars of the Company's principal corporate governance practices are set out in the Corporate Governance Report on pages 17 to 26 of this annual report.

The compliance officer of the Company is Mr. Long Hai whose biographical details are set out on page 14 of this annual report. The company secretary of the Company is Ms. Cheng Lucy, an Associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

Share Option Scheme

(a) Pre-IPO Share Option Scheme

The Company's Pre-IPO Share Option Scheme was adopted on 14 July 2016 and the principal terms of which were set out in the Prospectus. Upon the completion of mandatory unconditional cash offer as disclosed in the announcement dated 12 December 2018, the remaining 40,750,000 share options under the Pre-IPO Share Option Scheme were cancelled. Details of the movement of the share option during the year ended 31 March 2019 are as follows:

				Number of share options					
Grantees	Date of grant	Exercise price per share	Exercisable period	Outstanding as at 1 April 2018	Grant during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 March 2019
Sandip Gupta (resigned as an executive Director on 12 December 2018)	15 July 2016	HK$0.45	5 August 2016 to 14 July 2019	4,000,000	—	—	(4,000,000)	—	—
	15 July 2016	HK$0.45	5 August 2017 to 14 July 2019	4,000,000	—	—	(4,000,000)	—	—
Other employees and financial advisers	15 July 2016	HK$0.45	5 August 2016 to 14 July 2019	10,750,000	—	—	(10,750,000)	—	—
	15 July 2016	HK$0.45	5 August 2017 to 14 July 2019	22,000,000	—	—	(22,000,000)	—	—
Total				40,750,000	—	—	(40,750,000)	—	—

(b) Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved by the Shareholders on 14 July 2016 for attracting and retaining the best available personnel of the Group, and providing incentives or rewards to eligible persons of the Group for their contribution to the success of the Group's business. The Post-IPO Share Option Scheme was conditional on the Listing Committee of the Stock Exchange granting approval for the Listing of and permission to deal in the Shares which may be issued pursuant to the exercise of share options grant under the Post-IPO Share Option Scheme.

The Post-IPO Share Option Scheme will be valid and effective for a period as the Board may determine which shall not exceed ten years from the date of grant.

The aggregate number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. No options may be granted under the Post-IPO Share Option Scheme or any other share option schemes of the Company if this will result in the limit being exceeded.

The total number of shares of the Company which may be issued upon the exercise of all share options to be granted under the Post-IPO Share Option Scheme and other share option schemes must not, in aggregate, exceed 10% of the shares of the Company in issue as at the Listing Date (the "**Scheme Mandate Limit**") provided that options lapsed in accordance with the terms of the Share Option Scheme or other share option schemes will not be counted for the purpose of calculating the Scheme Mandate Limit.

Eligible persons under the Share Option Scheme include employees (full-time or part-time) and other members of the Group, including any executive, non-executive and independent non-executive Directors, advisors and consultants of the Group, or any substantial shareholder of the Company, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Company.

The total number of Shares issued and to be issued upon exercise of the Options granted to each eligible participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue. Any further grant which would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue must be separately approved by our Shareholders in general meeting with such Participant and his close associates (or his associates if the Participant is a connected person) abstaining from voting, and the number and terms (including the Subscription Price) of Options to be granted to such Participant must be fixed before the shareholders' approval.

Where any grant of Options to a substantial shareholder or an independent non-executive Director (or any of their respective associates) would result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Post-IPO Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant: (a) representing in aggregate over 0.1% of the Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such further grant of Options must be approved by the Shareholders in general meeting of our Company. The proposed grantees, their respective associates and all core connected persons of our Company must abstain from voting at such general meeting

A nominal consideration of HK$1 is payable by the grantee on acceptance of the grant of an option. The option may be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price of the shares in respect of which the notice is given together with the reasonable administration fee specified by the Company from time to time. Within 28 days after receipt of the notice and the remittance, the Company shall allot and issue the relevant shares, credited as fully paid, and a share certificate for the relevant shares so allotted to the grantee.

The subscription price for the shares subject to the options will be a price determined by the Board and shall be at least the highest of (i) the closing price of the shares as stated on the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading date; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of a share on the date of grant of the options.

The Post-IPO share Option Scheme will remain in force for a period of ten years commencing on 14 July 2016. For more details, please refer to the section headed "Share Option Schemes - Post-IPO Share Option Scheme" in Appendix IV of the Prospectus.

No share options were granted under the Post-IPO Share Option Scheme since the Listing Date. Therefore, no Options were exercised or cancelled or lapsed during the year ended 31 March 2019 and there were no outstanding Option under the Post-IPO Share Option Scheme as at 31 March 2019.

Changes in Information of Current Directors

In accordance with Rule 17.50A(1) of the GEM Listing Rules, changes of the information of the current Directors, subsequent to the date of the interim report of the Company for the six months ended 30 September 2018, required to be disclosed, are set out below:

Directors		Details of Changes
Mr. James Fu Bin Lu	:	Appointed as Chairman, Chief Executive Officer and chairman of the Nomination Committee with effect from 4:00 p.m. on 12 December 2018
Mr. Sandeep Sekhri	:	Resigned as Chairman, Chief Executive Officer and chairman of the Nomination Committee with effect from 4:00 p.m. on 12 December 2018
Mr. Long Hai	:	Appointed as the compliance officer of the Company and a member of the Remuneration Committee with effect from 4:00 p.m. on 12 December 2018
Mr. Lu Cheng	:	Appointed as the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from 4:00 p.m. on 12 December 2018
Mr. Fei Dingan	:	Appointed as a member of each of the Audit Committee and the Remuneration Committee with effect from 4:00 p.m. on 12 December 2018
Mr. Shi Kangping	:	Appointed as Chairman of the Audit Committee and a member of the Nomination Committee with effect from 4:00 p.m. on 12 December 2018

Review by Audit Committee

The Audit Committee consists of three members, namely Mr. Shi Kangping, Mr. Fei Dingan and Mr. Lu Cheng, all are independent non-executive Directors. Mr. Shi Kangping is the chairman of the Audit Committee. It has reviewed with management the audited consolidated financial statements of the Company during the year ended 31 March 2019.

Independent Auditor

The consolidated financial statements for the year ended 31 March 2019 have been audited by Deloitte Touche Tohmatsu and a resolution for the re-appointment of Deloitte Touche Tohmatsu as independent auditor of the Company will be proposed at the forthcoming annual general meeting.

Publication of Information on Websites

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

By order of the Board

James Fu Bin Lu

Chairman

24 June 2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About this Report

The Group strives continuously to incorporate sustainability initiatives into daily operations and management. While sharing the vision to be the preferred choice of our stakeholders, the Group is committed to improving our environmental, social and governance (ESG) performance by upholding good corporate governance standards, protecting our environment, engaging the community and promoting social integration.

This ESG report aims to share the Group's key sustainability performances and outline the Group's milestones on our sustainability journey during the year ended 31 March 2019. The reporting boundary is limited to the Group unless other specified. Disclosure content of the ESG report has been confirmed by the Board.

The ESG report has complied with the "comply or explain" provisions set out in the "Environmental, Social and Governance Reporting Guide" under Appendix 20 of the GEM Listing Rules. We value your feedback regarding the review and our overall sustainability practices. Please provide your comments by email to info@diningconcepts.com.

Environmental Performance

The Group is committed to the long term sustainability of the environment and communities in which it operates. To the best knowledge and after making reasonable enquires by the Company, the Group has not identified any material non-compliance with all relevant laws and regulations regarding environmental issues during the year ended 31 March 2019. During the year ended 31 March 2019, the Group measured and managed its environmental performance in several aspects throughout its operations.

Air Emission

Air pollution has become one of the major environmental problems in cities. As cooking process involves fuel use, restaurant operation inevitably generates exhaust gases. To protect the vicinity environment, all of the Group's restaurants have strictly complied with the oil fume and cooking odor requirements as stipulated by Air Pollution Control Ordinance (Chapter 311 of the laws of Hong Kong).

We have implemented the following measures to minimise air emissions and their effects:

– Air pollution control equipment was installed to remove oily fume in the exhaust stream before discharging into open atmosphere.

– Exhaust system outlets were located at places with good ventilation and avoided any sensitive receptor wherever possible.

– Regular cleaning, inspection and maintenance were conducted to ensure the efficiency of the smoke purification devices and exhaust equipment at the Group's restaurants.

During the year ended 31 March 2019, 53.24 kilograms ("**kg**") of nitrogen oxides (NOx) and 266.19 grams ("**g**") of sulphur oxides (SOx) were emitted as a result of towngas consumption.

Greenhouse Gas (GHG) Emissions and Energy Conservation

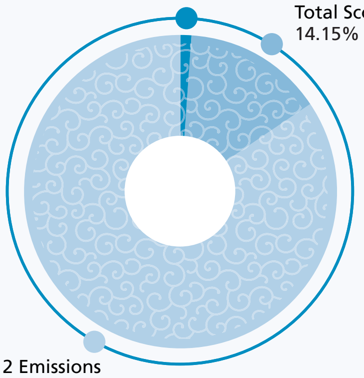
The impact of global climate change is a challenge that businesses and organizations around the world must face and address. The Group is committed to minimizing the adverse impact that its operations may have on the environment. Using energy efficiently will help us to conserve resources and tackle climate change.

Energy consumption accounts for a major part of our GHG emissions. To reduce our carbon footprint, we have implemented the following measures:

- Regular maintenance and cleaning of equipment
- Affix reminder to remind staff of switching the equipment and appliances off or to standby mode after use
- Light zoning has been established
- Maintain proper room temperature (24-26 degree Celsius)
- Insulation of refrigerator and/or cool water dispenser have been well maintained
- Unwanted materials and thick ice have been regularly cleared and defrosted from refrigerator

In this reporting year, we consumed 5,654,277 kilowatt hours ("**kWh**") of electricity. The following table shows our GHG emissions and energy consumption in this reporting year.

Total Greenhouse Gas Emissions



GHG Emissions	**Unit**	
Total Scope 1 Emissions	Tonnes of carbon dioxide equivalent ("**tCO_2e**")	707.91
Total Scope 2 Emissions	tCO_2e	4,233.69
Total Scope 3 Emissions	tCO_2e	60.72
Total GHG Emissions	tCO_2e	5,002.32
Total GHG Emissions Intensity	tCO_2e/HK$ million revenue (HK$'m revenue)	8.44

Energy Consumption	**Unit**	
Towngas Consumption	Megajoule ("**MJ**")	13,309,652.72
Towngas Consumption Intensity	MJ/HK$'m revenue	22,444.60
Electricity Consumption	kWh	5,654,277.01
Electricity Consumption Intensity	kWh/HK$'m revenue	9,535.03

Water Management

Water shortage and pollution have become global issues, which lead to health, food supply, ecological and other crises. To preserve the precious water resource, the Group strives to reduce water usage and conserve water resources in its daily operations. During the year ended 31 March 2019, the Group did not encounter any issue in sourcing water for business operations.

As equipment malfunctioning is a common cause of water wastage in restaurant operation, we asked our employees to timely report any leakage. The Group has also kept an eye on abnormal water consumption. Any suspected leakage will be inspected and repaired promptly.

Water consumption statistic of the year ended 31 March 2019:

Water consumption	**Unit**	
Water Consumption	cubic meter	90,968.81
Water Consumption Intensity	cubic meter/ HK$' m revenue	153.40

Material Consumption and Waste Management

The Group works diligently in reducing waste produced from operations by minimizing consumption and reusing/recycling materials wherever possible. The Group recognises the importance of waste reduction and material recycling, and have made continuous efforts to realise among the operation boundaries.

All the Group's restaurants have implemented waste cooking oil recycling since operation. During the year ended 31 March 2019, a total of 35,228 litres ("**L**") (or 32.13 tonnes) of waste oil from the operation was collected and recycled by qualified recyclers. This enabled energy recovery and safeguarded public health by preventing waste oil from re-entering into the food processing or catering market.

Other waste and consumption reduction measures include:

– Repair broken items to avoid waste disposal as far as possible

– Reuse materials for decorating festive events (e.g. Christmas and Chinese New Year, etc.)

– Use reuseable containers, dishes, cups and coffee filters whenever possible

– Reuse stationaries and furniture when moving or renovation

– Encourage double-sided printing and print only when necessary

– Reuse single-sided printed paper and old envelopes

– Reduce box files consumption by reusing old box files or applying electronic means for filing

– Recycle the cartridges by manufacturer or government assigned recyclers

– Preserve food properly to prevent wastage

– Purchase/Replace electrical appliances, electronic equipment and batteries only when necessary

During the year ended 31 March 2019, we consumed a total of 0.86 tonne of paper.

Natural Resources and Environment

While benefiting from the natural resources and environment, the Group should bear the responsibilities and fulfil the obligations of protecting them and making appropriate use. The Group has taken considerable efforts to minimise the impact generated from the business operations to the natural environment.

Social Performance

Employment and Labor Practices

Employment & Labor Standards

As the key to achieve the Group's economic, environmental and social objectives, staff is among the Group's most valuable assets. The Group believes that creating a workplace that offers a strong sense of belonging will inspire the employees to strive for excellence.

In view of the labor shortage challenge in the food & beverage industry, the Group regularly reviews and enhances its employees' remuneration terms and benefits to attract and retain top-notch talents. In addition to protection endowed by Employment Ordinance (Chapter 57 of the laws of Hong Kong) and competitive remuneration packages that are structured to be commensurate with individual responsibilities, qualification, experience and performance, employees enjoy a wide range of other benefits including birthday and special leaves, dental and medical benefits, duty meal and staff discount. The Group upholds the value of equal opportunities and diversity in terms of age, sex, nationality, disability and religion as stipulated by applicable discrimination ordinances. Employees are encouraged report on discriminatory practices to the management.

To protect juveniles and avoid assigning intolerable workload, The Group prohibits the use of child labor and forced or compulsory labor at all its units. No employee is made to work against his/her will or work as forced labor, or subject to corporal punishment or coercion of any type related to work.

As at 31 March 2019, The Group employed 725 staff in total.

Workforce statistic by gender, employment type and age group:

		Staff Number
(a)	Breakdown by gender	
	Employees - Female	364
	Employees - Male	361
(b)	Breakdown by age group	
	Employees Age < 30	267
	Employees Age 30 - 50	363
	Employees Age > 50	95
(c)	Breakdown by employment type	
	Employees - Part-time	33
	Employees - Full-time	692

Health and Safety

Ensuring health and safety of our employees is one of our prime responsibilities. To reinforce the safety and health protection to employees in workplaces, the Group has implemented its occupational health and safety (OH&S) management system in accordance with Occupational Safety and Health Ordinance (Chapter 509 of the laws of Hong Kong). In case of accident, insurance is covered by our basic security package.

Reinforcing employees' safety awareness is of crucial importance as prevention is always better than cure. In addition to safety information and black-spots sharing during daily briefing, frontline staff is also provided with personal protective equipment based on their job nature.

During the year ended 31 March 2019, 264 work days were lost due to work injury and/or occupational diseases.

Development and Training

The Company conducts regular reviews on its training strategies to enable its talents to develop themselves to their fullest potential. Daily briefing session updates employees on the essential skill sets for operational needs, assuring that the customers are served with quality.

Operational Practices

Supply Chain Management

The Company is aware of the broader impact of the business operations from the supply chain. Addressing the sustainability risks in the supply chain is one of the Company's major ways of minimizing potential negative environmental and social impacts of its procurement decisions.

Ensuring food safety has always been the Company's first and foremost commitment as a leading food and beverage brand in Hong Kong. In selecting suppliers, rigorous mechanism with stringent criteria based on various standards is adopted to evaluate the hygiene, origin, supply performance, compliance with relevant laws and other sustainability aspects of potential suppliers. Upon selection, the Company arranges on-site inspection of the production line. The Company conducts review on existing suppliers regularly, and sample raw materials for third-party quality inspection when necessary.

Product Responsibility

As a responsible company, the Company is fully aware of the importance to comply with relevant laws and regulations concerning the provision of our services, relating to health and safety, advertising, labelling and privacy matters.

A high standard of food safety is upheld to maintain trust from customers. Not only has the Company kept a close eye on the suppliers, but best efforts have also been put forth on internal control. To strive for zero food safety incidence, the frontline staff are required to adhere to standard operating guideline, through which good practices and detail procedures on personal hygiene, equipment cleanliness, proper waste and effluent disposal, and pest-free environment are communicated.

The Group values and understands the importance of customers' comments in driving outstanding dining experience. Multiple feedback channels, including customer service hotline, social media page, email and feedback form, have therefore been established to facilitate communication. During the year ended 31 March 2019, no service related complaints were received. Specific personnel had been appointed to follow-up promptly and take appropriate action based on established policies and procedures on each case.

Anti-corruption

While service quality matters, the Group is also committed to maintaining the highest ethical standards and corporate culture of integrity and justice for preventing, detecting and reporting all types of fraud, bribery, extortion, and money laundering. The Group follows the "Prevention of Bribery Ordinance" enforced by the Independent Commission Against Corruption. To demonstrate such commitment, the Group has set forth a written whistle-blowing policy and reporting procedures. Any employee may report suspected misconduct or malpractice in breach of applicable laws or the code of conduct to his or her immediate head or independent directors.

No material non-compliance case was noted in relation to business fraud laws and regulations during the year ended 31 March 2019.

Community Investment

The Company pursues sustainable development of the community by assessing and managing the social impact of our operations on the marketplace and by supporting initiatives that create effective and lasting benefits to communities.

During the year ended 31 March 2019, a total of HK$424,136 monetary donation was contributed for improving literacy and gender equality in education across the globe.

Personal Data Privacy

According to the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong), the Group is responsible to protect the privacy of individuals in relation to personal data accessed by the Group and to provide for incidental and connected matters. The Group has set up membership programme for its restaurants and the Group has its internal privacy policy to prevent customers' personal information from being misused. The management keeps the Group posted on the latest privacy protection requirements. The management will also attend workshops on personal data protection organised by relevant regulatory bodies for personal data as and when necessary.

During the year ended 31 March 2019, the Group did not record any personal data breach or leakage case.

Network security

The Group has its internal information technology department to:

- Establish and monitor user account management procedures as for creating, modifying and terminating user accounts and related user privileges
- Manage software license updates
- Maintain data backup policy to ascertain completeness and accuracy of the data backup process
- Refine the firewall configuration to properly separate network segments between the internal network and the external networks from time to time

During the year ended 31 March 2019, the Group did not record any significant network breakdown or data losses.

Deloitte. 德勤

INDEPENDENT AUDITOR'S REPORT

To the Members of Dining Concepts Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Dining Concepts Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 52 to 99, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and intangible assets allocated to certain loss-making operating restaurants ("loss-making restaurants")	
We identified the impairment of property, plant and equipment and intangible assets allocated to loss-making restaurants as a key audit matter due to significant management judgments involved in the impairment assessment. As disclosed in note 5 to the consolidated financial statements during the year ended 31 March 2019, certain restaurants of the Group incurred losses, which indicated that property, plant and equipment and intangible assets of those restaurants may be impaired. In determining whether property, plant and equipment and intangible assets of the loss-making restaurants were impaired required an estimation of the recoverable amount of a loss-making restaurant to which the property, plant and equipment and intangible assets belong, which is the value in use of that loss-making restaurant. The value in use of the property, plant and equipment and intangible assets of a loss-making restaurant was determined by the management based on the operating cash flows forecast of the loss-making restaurant, which required the use of key assumptions including the budgeted revenue, budgeted gross margin and expected growth rate determined based on the management business plan on operation of restaurant, the current market circumstances and management's expectation of the market development, as well as a suitable discount rate. Based on management's assessment, no impairment was recognised on property, plant and equipment and intangible assets during the year ended 31 March 2019.	Our procedures in relation to evaluating the impairment assessment of property, plant and equipment and intangible assets allocated to loss-making restaurants included: • Understanding how management performs impairment assessment on property, plant and equipment and intangible assets; • Evaluating the reasonableness of the operating cash flows forecast and the key assumptions used, including the budgeted revenue, budgeted gross margins, expected growth rate with reference to the historical performance, and the suitability of the discount rate used; and • Evaluating the potential impact of the impairment assessment based on the reasonably possible change of budgeted revenue.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
We identified revenue recognition as a key audit matter due to its significance to the consolidated statement of profit or loss and other comprehensive income. The accounting policy for recognition of revenue generated from operation of restaurants is disclosed in note 4 to the consolidated financial statements. As set out in the consolidated statement of profit or loss and other comprehensive income and note 6 to the consolidated financial statements, during the year ended 31 March 2019, the revenue generated from operation of restaurants is approximately HK$593,000,000.	Our procedures in relation to revenue recognition included: • Obtaining an understanding of the Group's revenue recognition policy and key controls for restaurant operations; • Evaluating the key controls over the revenue recognition process in respect of the Point of Sale system and the key manual controls for validating of revenue generated from operation of restaurants; • Testing a selection of revenue transactions to the corresponding supporting documents; and • Applying regression analysis and exploratory data analysis techniques to investigate any unusual patterns of revenue generated from a selection of restaurants, and obtaining and assessing the reasonableness of management's explanation for the unusual patterns identified.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Cheung Wilfred.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	6	593,000	550,448
Cost of inventories consumed		(136,211)	(130,938)
Staff costs		(190,241)	(170,045)
Depreciation and amortisation		(45,370)	(42,336)
Rental and related expenses		(111,835)	(103,776)
Utilities and consumables		(22,825)	(20,927)
Franchise and licensing fees		(12,763)	(12,024)
Other expenses	8	(83,739)	(64,638)
Other losses	9	(11,668)	(239)
Finance costs	23	(449)	(451)
(Loss) profit before taxation		(22,101)	5,074
Taxation	10	(5,816)	(7,340)
Loss for the year		(27,917)	(2,266)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(2)	—
Total comprehensive expense for the year		(27,919)	(2,266)
Loss and total comprehensive expense for the year attributable to owners of the Company	11	(27,919)	(2,266)
Loss per share – basic (HK$)	13	(0.03)	(0.003)
Loss per share – diluted (HK$)	13	(0.03)	(0.003)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	14	83,114	107,118
Intangible assets	15	10,326	8,773
Rental and utilities deposits		34,567	34,344
Deposit paid for acquisition of a subsidiary	16	—	2,000
Deposit for property, plant and equipment		1,221	1,305
Restricted bank deposits	19	5,290	2,863
		134,518	156,403
Current assets			
Inventories	17	8,721	8,760
Trade and other receivables	18	20,806	14,063
Tax recoverable		1,123	895
Bank balances and cash	19	31,900	48,819
		62,550	72,537
Current liabilities			
Trade and other payables	20	58,837	63,359
Contract liabilities	21	1,862	—
Amount due to a related company	22	520	603
Loans from former Controlling Shareholders	23	15,000	—
Tax liabilities		2,895	4,105
		79,114	68,067
Net current (liabilities) assets		(16,564)	4,470
Total assets less current liabilities		117,954	160,873
Capital and reserves			
Share capital	24	63,037	63,037
Reserves		54,917	82,836
Equity attributable to owners of the Company		117,954	145,873
Non-current liability			
Loans from former Controlling Shareholders	23	—	15,000
		117,954	160,873

The consolidated financial statements on pages 52 to 99 were approved and authorised for issue by the board of directors on 24 June 2019 and are signed on behalf by:

James Fu Bin Lu
DIRECTOR

Long Hai
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (note a)	Translation reserve HK$'000	Share option reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000
At 1 April 2017	63,037	28,785	27,313	—	5,860	21,588	146,583
Loss and total comprehensive expense for the year	—	—	—	—	—	(2,266)	(2,266)
Recognition of equity-settled share-based payment	—	—	—	—	1,556	—	1,556
At 31 March 2018	63,037	28,785	27,313	—	7,416	19,322	145,873
Loss for the year	—	—	—	—	—	(27,917)	(27,917)
Exchange differences arising on translation of foreign operations	—	—	—	(2)	—	—	(2)
Total comprehensive expense for the year	—	—	—	(2)	—	(27,917)	(27,919)
Cancellation of share option (note b)	—	—	—	—	(7,416)	7,416	—
At 31 March 2019	63,037	28,785	27,313	(2)	—	(1,179)	117,954

notes:

a: Other reserve mainly represented waiver of loans from its related companies controlled by the former Controlling Shareholders, waiver of loan from one of the former Controlling Shareholders, the fair value of financial guarantee granted to one of the former Controlling Shareholders and amounts arising on the Group reorganisation underwent prior to the listing of the Company's shares on the Stock Exchange (as defined in Note 1) in 2016. Details were set out in the Company's prospectus dated 27 July 2016 (the "**Prospectus**").

b: Pursuant to a written resolution passed on 14 July 2016 by the shareholders of the Company, the Company adopted the Pre-IPO Share Option Scheme (as defined in Note 25), the principal terms of which were set out in the Prospectus. Upon the completion of mandatory unconditional cash offer as disclosed in the announcement dated 12 December 2018, the remaining 40,750,000 share options under the Pre-IPO Share Option Scheme were cancelled pursuant to a cash offer of HK$0.01 for each share option paid by Stong Day Holdings Limited, the immediate holding company of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before taxation		(22,101)	5,074
Adjustments for:			
Finance costs		449	451
Depreciation of property, plant and equipment		43,423	40,875
Amortisation of intangible assets		1,947	1,461
Loss on disposals of property, plant and equipment		11,548	239
Loss on disposal of intangible assets		120	—
Equity-settled share-based payment		—	1,556
Operating cash flows before movements in working capital		35,386	49,656
Increase in rental and utilities deposits		(1,397)	(4,019)
Decrease (increase) in inventories		39	(1,428)
Increase in trade and other receivables		(5,569)	(2,203)
(Decrease) increase in trade and other payables		(523)	1,479
Increase in contract liabilities		254	—
Decrease in amount due to a related company		(83)	(800)
Cash generated from operations		28,107	42,685
Income tax paid		(7,254)	(2,784)
NET CASH FROM OPERATING ACTIVITIES		20,853	39,901
INVESTING ACTIVITIES			
Purchase of and deposits paid for property, plant and equipment		(33,280)	(39,394)
Placements of restricted bank deposits		(2,427)	(1,653)
Purchase of intangible assets		(1,620)	(172)
Withdrawal of restricted bank deposits		—	1,148
Deposit paid for acquisition of a subsidiary	16	—	(2,000)
Proceeds from disposals of property, plant and equipment		—	149
NET CASH USED IN INVESTING ACTIVITIES		(37,327)	(41,922)

	Note	2019 HK$'000	2018 HK$'000
FINANCING ACTIVITY			
Interest paid		(449)	(451)
CASHS USED IN A FINANCING ACTIVITY		(449)	(451)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(16,923)	(2,472)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		48,819	51,291
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		4	—
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	19	31,900	48,819

1. GENERAL

Dining Concepts Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Prior to 11 October 2018, the ultimate controlling shareholders were Total Commitment Holdings Limited ("**Total Commitment (HK)**"), Ideal Winner Investments Limited, Minrish Limited ("**Minrish**"), Indo Gold Limited ("**Indo Gold**") and Mr. Jugdish Johnny Uttamchandani ("**Mr. Uttamchandani**") (hereinafter as the "**former Controlling Shareholders**"). On and after 11 October 2018, its immediate holding company is Strong Day Holdings Limited, a company incorporated in the British Virgin Islands with limited liability. Its registered office is located at Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and its principal place of business is located at Suite 1701-3, 17/F, Chinachem Hollywood Centre 1, 3, 5, 7, 9, 11 and 13 Hollywood Road, Central, Hong Kong.

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in operation of restaurants.

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**"), which is also the functional currency of the Company and its subsidiaries (collectively referred to as the "**Group**").

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity of the Group. While recognising that the Group had net current liabilities of approximately HK$16,564,000 as at 31 March 2019 and incurred a net loss of approximately HK$27,917,000 for the year then ended, the Directors are of the opinion that, after due and careful enquiry taking into account the internally generated funds available to the Group, the Group has, in the absence of unforeseeable circumstances, sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future.

Accordingly, the Directors believe that it is appropriate to prepare the consolidated financial statements on a going concern basis without including any adjustments that would be required should the Group fail to continue as a going concern.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the amendments to HKFRSs and the interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Restaurants operation

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 6 and 4 respectively.

Summary of effects arising from initial application of HKFRS 15

The transition to HKFRS15 does not have impacts on retained profits at 1 April 2018.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018 HK$'000	Reclassification HK$'000	Carrying amounts under HKFRS 15 at 1 April 2018 HK$'000
Current liabilities			
Trade and other payables	63,359	(1,608)	61,751
Contract liabilities	—	1,608	1,608
	63,359	—	63,359

As at 1 April 2018, deposits from customers of HK$1,608,000 in respect of contracts relating to restaurants operations previously included in trade and other payables were reclassified to contract liabilities

The following table summarises the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Current liabilities			
Trade and other payables	58,837	1,862	60,699
Contract liabilities	1,862	(1,862)	—

Under HKAS 18, deposits from customers of HK$1,862,000 arising from contracts with customers would have been included in trade and other payables.

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

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

Impact on consolidated statement of cash flows

	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Operating activities			
Increase in contract liabilities	254	(254)	—
Decrease in trade and other payables	(523)	254	(269)

HKFRS 9 *Financial Instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets; and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, if any, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 4.

Summary of effects arising from initial application of HKFRS 9

The effects of the classification and measurement (including impairment) of financial assets and financial liabilities under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018 are as follows:

(a) Classification and measurement of financial assets and financial liabilities

On initial application of HKFRS 9, the Group's financial assets and financial liabilities will continue to be measured on the same basis as was previously adopted under HKAS 39.

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Trade receivables have been assessed individually for ECL assessment.

ECL for other financial assets at amortised cost, including other receivables, restricted bank deposit and bank balances and cash, are assessed on 12 months ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the Group has assessed and reviewed the existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No additional credit loss allowance has been recognised against retained profits as the amount involved is insignificant.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019

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

3 Effective for annual periods beginning on or after 1 January 2021

4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

5 Effective for annual periods beginning on or after 1 January 2020

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and the interpretation will have no material impact on the Group's consolidated financial statements in the foreseeable future.

HKFRS 16 *Leases*

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 require sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer to the relevant asset should be a accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

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

HKFRS 16 *Leases* (continued)

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$185,515,000 (2018: HK$207,388,000) as disclosed in note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of approximately HK$29,597,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustment are considered as additional lease payments. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right- of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS16 to contracts that were previously identified as lease applying HKAS17 and HK(IFRIC)-Int4 Determing whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS17 and HK(IFRIC)-Int4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

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

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

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

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

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

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

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

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

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

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 3)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 3) (continued)

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

The Group recognises revenue under the following accounting policies:

(i) Revenue from operating restaurants is recognised at a point in time upon a bill is issued for the provision of food and beverages to customers. Payment of the transaction price is mostly due immediately at the point of billing to customers.

Revenue recognition (prior to 1 April 2018)

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

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

Revenue from the provision of food and beverages to customers is recognised when the goods are delivered and titles have passed.

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

Leases

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

<u>The Group as lessee</u>

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

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

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

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

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payment

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited/cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits (accumulated losses).

Share options granted to consultants

Equity-settled share-based payment transactions with consultants are measured at the fair value of the services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the counterparty renders the services. The fair values of the services received are recognised as other expenses.

Taxation

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 "(loss) profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes are recognised in profit or loss.

Property, plant and equipment

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

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

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible and intangible assets

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

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

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

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

Inventories

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, restricted bank deposits, and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognised lifetime ECL for trade receivables. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3) (continued)

(i) Significant increase in credit risk (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3) (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments, i.e. the Group's trade and other receivables are each assessed as a seperate group;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financing asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance amount.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

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

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

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

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

Objective evidence of impairment could include:

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amount due to a related company and loans from former Controlling Shareholders are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTIES

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

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

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

Impairment of property, plant and equipment and intangible assets allocated to certain loss-making operating restaurants ("loss-making restaurants")

Property, plant and equipment and intangibles assets mainly consist of leasehold improvements and furniture, fixtures and equipment, and the franchise and licensing rights respectively of the restaurants of the Group. During the year ended 31 March 2019, certain restaurants of the Group incurred losses, which indicated that property, plant and equipment and intangible assets of those restaurants may be impaired. The management then conducted impairment assessment on the property, plant and equipment and intangible assets of the loss-making restaurants.

In determining whether property, plant and equipment and intangible assets are impaired requires an estimation of the recoverable amount of a loss-making restaurant to which the property, plant and equipment and intangible assets belong, which is based on the value in use of that loss-making restaurant. The value in use of a loss-making restaurant is determined by the management based on the operating cash flows forecast of the loss-making restaurant, which required the use of key assumptions including the budgeted revenue, budgeted gross margin, and expected growth rate determined based on the management business plan on operation of restaurant, the current market circumstances and management's expectation of the market development, as well as a suitable discount rate. Where the expected future cash flows arising from the loss-making restaurants are different from the original estimation, further impairment loss may arise.

Based on management's assessment, no impairment was recognised on property, plant and equipment and intangible assets during the years ended 31 March 2019 and 2018.

Income taxes

As at 31 March 2019 and 2018, no deferred tax asset has been recognised in relation to the tax losses of approximately HK$136,204,000 (2018: HK$99,980,000) and deductible temporary differences of approximately HK$72,357,000 (2018: HK$66,121,000), due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such recognition takes place.

5. KEY SOURCES OF ESTIMATION UNCERTAINTIES (CONTINUED)

Estimated useful lives of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives, using straight-line method, at the rates ranging from 20% to 25% per annum or shorter of the remaining lease term or 5 years. The estimated useful lives that the Group depreciates the property, plant and equipment reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the assets. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore depreciation and impairment losses in future years.

As at 31 March 2019, the carrying amount of property, plant and equipment is approximately HK$83,114,000 (2018: HK$107,118,000).

6. REVENUE

A. For the year ended 31 March 2019

(i) Disaggregation of revenue from contracts with customers

	2019 HK$'000
Revenue from contracts with customers	
Restaurants operations	
– Italian style	146,388
– Western style	355,786
– Asian style	90,826
	593,000
Geographical markets	
Hong Kong	593,000
Timing of revenue recognition	
A point in time	593,000
	593,000

(ii) Performance obligations for contracts with customers

Restaurants operations (revenue recognised at a point in time)

Revenue is recognised at a point in time upon a bill is issued for the provision of food and beverages to customers. Payment of the transaction price is mostly due immediately at the point of billing to customers.

All contracts for provision of good and beverages are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

B. For the year ended 31 March 2018

An analysis of the Group's revenue from the year is as follows:

	HK$'000
Revenue analysed by revenue from:	
Restaurants operations	
– Italian style	129,290
– Western style	325,404
– Asian style	95,754
	550,448

7. SEGMENT INFORMATION

The segment information reported to the Company's executive directors, being the chief operating decision maker ("**CODM**"), is being regularly reviewed in order to allocate resources to segments and to assess their performance is prepared under HKFRSs, based on the style of restaurants, including Italian style, Western style and Asia style. In addition, the CODM also reviews performance of catering management and design services and others for resources allocation.

The following is an analysis of the Group's revenue, results, assets and liabilities by operating and reportable segments:

Year ended 31 March 2019

	Italian style HK$'000	Western style HK$'000	Asian style HK$'000	Catering management and design services and others HK$'000	Elimination HK$'000	Consolidated total HK$'000
REVENUE						
External sales	146,388	355,786	90,826	—	—	593,000
Inter-segment sales	—	—	—	44,583	(44,583)	—
Total	146,388	355,786	90,826	44,583	(44,583)	593,000
RESULT						
Segment profit	13,271	25,643	144	892	(892)	39,058
Unallocated staff costs						(43,078)
Unallocated depreciation and amortisation						(891)
Unallocated rental and related expenses						(2,120)
Unallocated utilities and consumables						(670)
Unallocated other expenses						(13,951)
Finance costs						(449)
Loss before taxation						(22,101)

At 31 March 2019

	Italian style HK$'000	Western style HK$'000	Asian style HK$'000	Catering management and design services and others HK$'000	Elimination HK$'000	Consolidated total HK$'000
Segment assets	159,564	342,780	72,427	41,939	(419,642)	197,068
Elimination of inter-segment receivables	(116,077)	(225,820)	(47,383)	(30,362)	419,642	—
	43,487	116,960	25,044	11,577	—	197,068
Segment liabilities	(100,089)	(279,923)	(63,884)	(39,860)	419,642	(64,114)
Elimination of inter-segment payables	88,038	243,189	56,682	31,733	(419,642)	—
	(12,051)	(36,734)	(7,202)	(8,127)	—	(64,114)
Loans from former Controlling Shareholders						(15,000)
						(79,114)

7. SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2018

	Italian style HK$'000	Western style HK$'000	Asian style HK$'000	Catering management and design services HK$'000	Elimination HK$'000	Consolidated total HK$'000
REVENUE						
External sales	129,290	325,404	95,754	—	—	550,448
Inter-segment sales	—	—	—	36,093	(36,093)	—
Total	129,290	325,404	95,754	36,093	(36,093)	550,448
RESULT						
Segment profit	14,886	28,745	4,060	722	(722)	47,691
Unallocated staff costs						(32,445)
Unallocated depreciation and amortisation						(344)
Unallocated rental and related expenses						(2,123)
Unallocated utilities and consumables						(478)
Unallocated other expenses						(6,776)
Finance costs						(451)
Profit before taxation						5,074

At 31 March 2018

	Italian style HK$'000	Western style HK$'000	Asian style HK$'000	Catering management and design services HK$'000	Elimination HK$'000	Consolidated total HK$'000
Segment assets	155,671	283,561	74,475	47,333	(332,100)	228,940
Elimination of inter-segment receivables	(105,069)	(165,528)	(39,083)	(22,420)	332,100	—
	50,602	118,033	35,392	24,913	—	228,940
Segment liabilities	(92,771)	(214,363)	(58,378)	(31,925)	332,100	(65,337)
Elimination of inter-segment payables	78,437	178,130	49,113	26,420	(332,100)	—
	(14,334)	(36,233)	(9,265)	(5,505)	—	(65,337)
Other payables						(2,730)
Loans from Controlling Shareholders						(15,000)
						(83,067)

7. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit earned by each segment without allocation of the common staff costs, depreciation and amortisation, rental and related expenses, utilties and consumables, other expenses and finance costs incurred. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment. For the purposes of monitoring segment performances and allocating resources between segments, all assets and liabilities, other than payable for listing expenses and loans from former Controlling Shareholders, are allocated to operating segments.

Inter-segment sales are charged at cost plus approach.

Other information

The followings are included in the measure of segment results and segment assets.

	Depreciation and amortisation		Additions to non-current assets		Loss on disposals of property, plant and equipment		Loss on disposals of intangible assets	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Italian style	9,577	8,010	3,267	14,019	298	95	120	—
Western style	27,336	26,173	28,076	19,402	8,070	125	—	—
Asian style	7,566	7,809	688	7,586	3,180	19	—	—
Catering management and design services and others	—	—	2,556	—	—	—	—	—
	44,479	41,992	34,587	41,007	11,548	239	120	—

The unallocated depreciation and amortisation amounted to approximately HK$891,000 (2018: HK$344,000) for the year ended 31 March 2019.

Non-current assets included property, plant and equipment and intangible assets.

Geographical information

As all of the Group's operations and non-current assets are located in Hong Kong, no additional geographical segment information is presented.

Information about major customers

No revenue from individual customer contributed over 10% of total revenue of the Group for both years.

8. OTHER EXPENSES

	2019 HK$'000	2018 HK$'000
Advertising	8,200	5,770
Air-conditioning charge	2,406	2,176
Auditor's remuneration	2,210	2,006
Cleaning and laundry expenses	14,029	12,263
Credit card commission	10,007	8,925
Donation	424	291
Equity-settled share-based payment to consultants	—	599
Insurance	3,611	3,420
Legal and professional fee	7,063	3,507
License expenses	577	297
Packing and printing materials	5,111	4,850
Music performance show	8,553	7,814
Repairment and maintenance	10,843	9,523
Travelling expenses	4,449	923
Others	6,256	2,274
	83,739	64,638

9. OTHER LOSSES

	2019 HK$'000	2018 HK$'000
Loss on disposals of property, plant and equipment	(11,548)	(239)
Loss on disposal of intangible assets (Note 15)	(120)	—
	(11,668)	(239)

10. TAXATION

	2019 HK$'000	2018 HK$'000
Hong Kong Profits Tax	6,432	7,847
Over provision in respect of prior years	(166)	(27)
One-off tax reduction of profits tax by the Hong Kong Inland Revenue Department ("**IRD**")	(450)	(480)
	5,816	7,340

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 HK$'000	2018 HK$'000
(Loss) profit before taxation	(22,101)	5,074
Tax at the statutory tax rate	(3,647)	837
Tax effect of expenses not deductible for tax purpose	3,501	851
Tax effect of income not taxable for tax purpose	(33)	(6)
Tax effect of deductible temporary differences not recognised	3,895	3,819
Utilisation of deductible temporary differences previously not recognised	(2,866)	(929)
Tax effect of tax losses not recognised	7,449	4,276
Utilisation of tax losses previously not recognised	(1,472)	(938)
Over provision in respect of prior years	(166)	(27)
One-off tax reduction by the IRD	(450)	(480)
Others	(395)	(63)
Taxation for the year	5,816	7,340

At 31 March 2019, the Group has unrecognised tax losses of approximately HK$136,204,000 (2018: HK$99,980,000), which may be carried forward indefinitely, available for offset against future profits. In the opinion of the directors of the Company, no deferred tax asset was recognised due to the unpredictability of future profit streams.

At 31 March 2019, the Group has unrecognised deductible temporary differences of approximately HK$72,357,000 (2018: HK$66,121,000) arising from property, plant and equipment and intangible assets. No deferred tax assets has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

11. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	2019 HK$'000	2018 HK$'000
Loss and total comprehensive expense for the year has been arrived at after charging:		
Directors' emoluments (Note 12)	7,494	7,596
Other staff costs		
– salaries and other benefits	176,042	155,594
– retirement benefit scheme contributions	6,705	6,138
– Equity-settled share-based payment expenses	—	717
Total staff costs	190,241	170,045
Depreciation of property, plant and equipment	43,423	40,875
Amortisation of intangible assets	1,947	1,461

12. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

Directors and Chief Executive Officer

The directors' and chief executive officer's emoluments representing the remuneration paid or payable by the entities comprising the Group to the executive directors and non-executive directors of the Company are set out below:

	Directors' fee HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000 (note 1)	Share-based payments HK$'000 (note 2)	Retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2019						
Executive directors:						
James Fu Bin Lu (chief executive officer) (note 3)	301	—	—	—	—	301
Long Hai (note 3)	—	—	—	—	—	—
Sandeep Sekhri	5,400	—	—	—	18	5,418
Sandip Gupta (note 3)	1,341	—	—	—	14	1,355
Non-executive directors:						
Li Lun (note 4)	—	—	—	—	—	—
Shalu Anil Dayaram (note 4)	84	—	—	—	—	84
Mr. Uttamchandani (note 4)	84	—	—	—	—	84
Independent non-executive directors:						
Amit Agarwal (note 5)	84	—	—	—	—	84
Chan Ming Sun Jonathan (note 5)	84	—	—	—	—	84
Zen Chung Hei, Hayley (note 5)	84	—	—	—	—	84
Lu Cheng (note 5)	—	—	—	—	—	—
Fei Dingan (note 5)	—	—	—	—	—	—
Shi Kangping (note 5)	—	—	—	—	—	—
	7,462	—	—	—	32	7,494
Year ended 31 March 2018						
Executive directors:						
Sandeep Sekhri (chief executive officer)	4,800	—	—	—	18	4,818
Sandip Gupta	1,920	—	—	240	18	2,178
Non-executive directors:						
Shalu Anil Dayaram	120	—	—	—	—	120
Mr. Uttamchandani	120	—	—	—	—	120
Independent non-executive directors:						
Amit Agarwal	120	—	—	—	—	120
Chan Ming Sun Jonathan	120	—	—	—	—	120
Zen Chung Hei, Hayley	120	—	—	—	—	120
	7,320	—	—	240	36	7,596

12. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Directors and Chief Executive Officer (continued)

notes:

1. The discretionary bonuses are determined with reference to the Group's and individual performance.
2. During the year ended 31 March 2018, share options were granted to Sandip Gupta pursuant to a pre-IPO share option scheme. Details are set out in note 25.
3. Mr. James Fu Bin Lu and Mr. Long Hai were appointed as executive directors of the Company on 12 December 2018, while Mr Sandip Gupta resigned as executive director of the Company on 12 December 2018.
4. Mr. Li Lun was appointed as non-executive director of the Company on 12 December 2018, while Mr. Shalu Anil Dayaram and Mr. Jugdish Johnny Uttamchandani resigned as non-executive directors of the Company on 12 December 2018.
5. Mr. Lu Cheng, Mr. Fei Dingan and Mr. Shi Kangping were appointed as independent non-executive directors of the Company on 12 December 2018, while Mr. Amit Agarwal, Mr. Chan Ming Sun Jonathan and Mr. Zen Chung Hei, Hayley resigned as independent non-executive directors of the Company on 12 December 2018.

The executive director's emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

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

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

Employees

The five highest paid individuals for the year ended 31 March 2019 include 1 former director and 1 director (2018: 2 directors) whose emoluments are disclosed above. The emoluments of the remaining 3 (2018: 3) employees are:

	2019 HK$'000	2018 HK$'000
Salaries and other allowances	5,238	2,292
Retirement benefit scheme contributions	54	54
Equity-settled share-based payment expenses	—	717
	5,292	3,063

The emoluments of the remaining highest paid individuals are within the following band:

Number of individuals

	2019	2018
Nil to HK$1,000,000	—	1
HK$1,000,001 to HK$1,500,000	1	2
HK$1,500,001 to HK$2,500,000	2	—
	3	3

During both years, no emoluments were paid by the Group to any of the directors, chief executive officer of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the chief executive officer of the Company has waived any emolument during both years.

13. LOSS PER SHARE

The basic loss per share is calculated based on the loss attributable to the owners of the Company and the weighted average number of ordinary shares for the relevant years.

	2019	2018
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share (HK$'000)	(27,917)	(2,266)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share (in thousands)	810,250	810,250

For both years, the diluted loss per share did not take into account the assumed exercise of the Company's outstanding share option since their exercise would result in a decrease in loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
COST				
At 1 April 2017	7,191	73,284	163,136	243,611
Additions	499	11,832	28,594	40,925
Disposals	(46)	(864)	(2,412)	(3,322)
At 31 March 2018	7,644	84,252	189,318	281,214
Additions	634	9,551	20,782	30,967
Disposals	(453)	(6,188)	(23,611)	(30,252)
At 31 March 2019	7,825	87,615	186,489	281,929
DEPRECIATION				
At 1 April 2017	3,786	35,461	96,908	136,155
Provided for the year	1,283	13,169	26,423	40,875
Eliminated on disposals	(28)	(601)	(2,305)	(2,934)
At 31 March 2018	5,041	48,029	121,026	174,096
Provided for the year	1,243	14,497	27,683	43,423
Eliminated on disposals	(329)	(3,495)	(14,880)	(18,704)
At 31 March 2019	5,955	59,031	133,829	198,815
CARRYING VALUES				
At 31 March 2019	1,870	28,584	52,660	83,114
At 31 March 2018	2,603	36,223	68,292	107,118

The above items of property, plant and equipment are depreciated on a straight-line basis, after taking into account of their estimated residual value, at the following rates per annum:

Office equipment	20 - 25%
Furniture, fixtures and equipment	20 - 25%
Leasehold improvements	Shorter of the remaining lease term or 5 years

15. INTANGIBLE ASSETS

	Cricket club operating rights HK$'000	Franchise and licensing rights HK$'000	Total HK$'000
COST			
At 1 April 2017	—	14,023	14,023
Additions	—	172	172
At 31 March 2018	—	14,195	14,195
Additions	2,000	1,620	3,620
Disposal	—	(233)	(233)
At 31 March 2019	2,000	15,582	17,582
AMORTISATION			
At 1 April 2017	—	3,961	3,961
Provided for the year	—	1,461	1,461
At 31 March 2018	—	5,422	5,422
Provided for the year	500	1,447	1,947
Eliminated on disposal	—	(113)	(113)
At 31 March 2019	500	6,756	7,256
CARRYING VALUES			
At 31 March 2019	1,500	8,826	10,326
At 31 March 2018	—	8,773	8,773

The intangible assets represent the franchise, licensing rights and cricket club operating rights acquired from independent third parties. The intangible assets have estimated useful lives of 4 to 10 years and are amortised on a straight-line basis over the estimated useful lives.

16. DEPOSIT PAID FOR ACQUISITION OF A SUBSIDIARY

In February 2018, DC Events Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with independent third parties to acquire 100% equity interest in Kowloon Cantons Cricket Company Limited, which its principal asset being the cricket club operating rights, at a cash consideration of HK$2,000,000. As at 31 March 2018, a deposit for the acquisition of HK$2,000,000 had been paid by the Group. The acquisition had been completed in April 2018 and accounted for as an acquisition of an intangible asset through acquisition of a subsidiary as the acquisition did not meet the definition of a business combination.

17. INVENTORIES

	2019 HK$'000	2018 HK$'000
Food and beverages	8,721	8,760

18. TRADE AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade recievables	9,778	6,855
Other receivables and deposits	11,028	7,208
	20,806	14,063

As at 31 March 2019 and 1 April 2018, trade receivables from contracts with customers amounted to HK$9,778,000 and HK$6,855,000 respectively.

Trade receivables mainly represent receivables from financial institutions in relation to the payment settled by credit cards by customers of which the settlement period is normally within 3 days from transaction date. Generally, there is no credit period granted to customers, except for certain well established corporate customers in which credit period of 20 days is granted by the Group. The aged analysis of the Group's trade receivables, based on invoice date, at the end of the reporting periods are as follows:

	2019 HK$'000	2018 HK$'000
0 - 20 days	9,229	6,552
21 to 90 days	494	237
Over 90 days	55	66
	9,778	6,855

Before accepting any new corporate customers, the management of the Group will base on the credit quality of the potential customers to define credit limits. Credit limits to customers are reviewed annually.

All of the trade receivables that are neither past due nor impaired are mainly from the reputable financial institutions.

As at 31 March 2019, included in the Group's trade receivables balances are debtors with aggregate carrying amount of HK$549,000 which are past due as at the reporting date. Out of the past due balances, HK$55,000 has been past due 90 days or more and is not considered as default as the Group considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each debtors.

As at 31 March 2018, included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately HK$303,000 which are past due at the reporting date for which the Group has not provided for impairment loss as the amount has been subsequently received. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	2018 HK$'000
21 to 90 days	237
Over 90 days	66
	303

	2019 HK$'000	2018 HK$'000
Other receivables and deposits:		
Prepayments for insurances and consumables	2,637	2,606
Prepayments for rental	3,823	2,750
Advance to employees	2,469	1,443
Others	2,099	409
	11,028	7,208

19. BANK BALANCES AND CASH/RESTRICTED BANK DEPOSITS

Restricted bank deposits represented fixed rate deposits placed in banks pursuant to the Group's obligations under certain operating leases. The restricted bank deposits carry interest ranging from 1.0% to 1.6% (2018: from 1.0% to 1.6%) per annum. The deposits will be released upon termination of lease agreements which is expected to be beyond one year from the end of respective reporting periods. Accordingly, the amounts are included in the non-current assets.

The Group's bank balances and cash comprise cash and bank balances which carry interest at prevailing market rate at 0.001% (2018: 0.001%) per annum.

20. TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	22,492	23,612
Salary payables	14,142	12,193
Payable for property, plant and equipment	1,408	3,805
Rental payables	7,342	8,849
Franchise and licensing fees payables	1,486	1,267
Deposits from customers	—	1,608
Audit fee accrual	2,393	2,182
Payable for repair and maintenance	1,488	1,636
Payable for utility and consumables	5,623	3,468
Payable for cleaning suppliers	2,033	1,686
Payable for listing expenses	—	2,730
Other tax payables	430	323
	58,837	63,359

The credit period on purchases of goods is about 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

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

	2019 HK$'000	2018 HK$'000
0 - 60 days	22,492	23,612

21. CONTRACT LIABILITIES

	2019 HK$'000	At 1 April 2018* HK$'000
Deposits from customers	1,862	1,608

* The amount in this column is after the adjustments from the application of HKFRS15.

Contract liabilities represent deposits from customers for unsatisified performance obligations and are recognised as revenue when the Group performs its obligations under the contracts. At contract inception, performance obligation is expected to be satisified within six month.

The following table shows how much of the revenue recognised in the current year relates to carried forward contract liabilities:

	2018 HK$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,608

When the Group receives a deposit from a customer who makes a reservation before the provision of catering services, this will give rise to contract liabilities at the start of a contract until the catering services is provided.

22. AMOUNT DUE TO A RELATED COMPANY

The related company is controlled by one of the executive directors of the Company. Details of the amount due to a related company are shown as follows:

	2019 HK$'000	2018 HK$'000
Global Hotelware	520	603

The amount due to a related company as at 31 March 2019 and 2018 is trade in nature and has a general credit term of 60 days.

The aged analysis of amount due to a related company, presented based on the invoice date at the end of the reporting period is as follows:

	2019 HK$'000	2018 HK$'000
0-60 days	203	494
More than 60 days	317	109
	520	603

23. LOANS FROM FORMER CONTROLLING SHAREHOLDERS

On 30 March 2017, the Company entered into loan agreements with Dining Concepts (International) Limited, Indo Gold, Minrish and Mr. Uttamchandani to borrow an aggregate amounts of HK$15 million for working capital purpose. The loans are unsecured, carry a fixed interest rate of 3% per annum and have a maturity term of 3 years.

The related finance costs of HK$449,000 (2017: 451,000) were recognised during the year.

24. SHARE CAPITAL

Ordinary shares of US$0.01 each

	Number of shares	Amount US$	HK$'000
AUTHORISED: At 1 April 2017, 31 March 2018 and 2019	10,000,000,000	100,000,000	778,000
ISSUED AND FULLY PAID: At 1 April 2017, 31 March 2018 and 2019	810,250,000	8,102,500	63,037

25. SHARE-BASED PAYMENT

The Company operates pre-IPO share option scheme providing incentives or rewards to eligible persons of the Group for their contribution to the Group (the "**Pre-IPO Share Option Scheme**"). Details of the Pre-IPO Share Option Scheme are summarised below:

Pursuant to a written resolution passed on 14 July 2016 by the shareholders of the Company, the Group adopted the Pre-IPO Share Option Scheme. On 15 July 2016, share options to subscribe for an aggregate of 51,000,000 shares were granted to 6 directors, employees and consultants at a nominal consideration of HK$1 for each grant. The directors confirmed that no further share options under the Pre-IPO Share Option Scheme has been or will be granted.

The exercise price for the Company's shares under the Pre-IPO Share Option Scheme was HK$0.45.

The following table disclosed movement in the Company's share options during the two years:

				Number of share options						
	Vesting period	Exercisable period	Exercise price per share	Outstanding as at 1 April 2017	Grant during the year	Exercised during the year	Outstanding as at 31 March 2018	Grant during the year	Cancelled during the year	Outstanding as at 31 March 2019
Tranche 1	15 July 2016 to 4 August 2016	5 August 2016 to 14 July 2019	HK$0.45	14,750,000	—	—	14,750,000	—	(14,750,000)	—
Tranche 2	15 July 2016 to 4 August 2017	5 August 2017 to 14 July 2019	HK$0.45	26,000,000	—	—	26,000,000	—	(26,000,000)	—
Total				40,750,000	—	—	40,750,000	—	(40,750,000)	—
Exercisable at the end of the year				14,750,000			40,750,000			—
Weighted average exercise price (HK$)				0.45	N/A	N/A	0.45	N/A	N/A	N/A

25. SHARE-BASED PAYMENT (CONTINUED)

The fair value of the share options at the date of grant determined using the binomial option pricing model was approximately HK$9,281,000. The Group recognised a total expense of nil (2018: approximately HK$1,556,000) in relation to the options granted by the Company during the year ended 31 March 2019.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. The major inputs into the models at the grant date were as follows:

Exercise price	HK$0.45
Risk free rate	0.57%
Expected option period	3 years
Expected volatility	47.932%
Dividend yield	0%

The risk-free rate has made reference to the yield of Hong Kong sovereign bond as at the grant date. The volatility of the Company's stock was determined by reference to the share price volatilities of companies in similar industry of the Company and assumed to be constant throughout the option life.

During the year ended 31 March 2019, the remaining 40,750,000 share options under the Pre-IPO Share Option Scheme were cancelled upon the completion of mandatory unconditional cash offer as disclosed in the announcement dated 12 December 2018. As such, HK$7,416,000 previously recognised in share option reserve is transferred to accumlated lossess.

26. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes loans from former Controlling Shareholders, as disclosed in Note 23, net of restricted bank deposits, bank balances and cash and equity attributable to owners of the Company, comprising issued share capital, reserves and (accumulated losses) retained profits.

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

27. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets at amortised cost	51,536	—
Loans and receivables (including cash and cash equivalents)	—	60,389
Financial liabilities		
Amortised cost	57,392	64,838

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, restricted bank deposits, trade and other payables, amount due to a related company and loans from former Controlling Shareholders. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency and interest rate risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

<u>Market risk</u>

Currency risk

Since most of the Group's transactions are mainly denominated in HK$, the directors of the Company are of the opinion that the Group's exposure to foreign exchange rate risk is minimal. Accordingly, no foreign currency sensitivity analysis is presented.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate restricted bank deposits and loans from former Controlling Shareholders.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank deposits.

The Group continues to monitor the exposure on cash flow interest rate risk and will consider hedging the interest rate exposure should the need arise.

In management's opinion, the Group does not have material cash flow interest rate risk exposure and hence no sensitivity analysis is presented.

27. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

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

In order to minimise the credit risk, management of the Group is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model under application of HKFRS 9 (2017: incurred loss model) on trade balances individually or based on provision matrix.

The credit risk on liquid funds and restricted bank deposits is limited because the counterparties are banks with high credit ratings.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL - not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

27. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Company's financial assets, which are subject to ECL assessment:

2018	Notes	Internal credit rating	External credit rating	12-month or lifetime ECL	Gross carrying amount HK$'000
Trade receivables	18	Low risk (note 1)	N/A	Lifetime ECL - not credit-impaired	9,778
Other receivables	18	Low risk (note 2)	N/A	12-month ECL	4,568
Bank balances and cash	19	N/A	A1 to Aa3	12-month ECL	31,900
Restricted bank deposits	19	N/A	A1 to Aa3	12-month ECL	5,290

notes:

1. The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by individual assessment. No loss allowance at lifetime ECL (not credit-impaired) on trade receivables has been provided as the directors of the Group considered the amount is insignificant.
2. The Group has applied ECL model to measure the loss allowance at 12-month ECL with regard to the Group's past experience to collecting payment. No loss allowance at 12-month ECL on other receivables has been provided as the directors of the Group considered the amount is insignificant.

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of advances from related parties (including loans from former Controlling Shareholders).

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from applicable interest rate at the end of each reporting period.

27. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Liquidity table

	Weighted average interest rate %	On demand or within 90 days HK$'000	91 days - 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
At 31 March 2019						
Trade and other payables	—	41,872	—	—	41,872	41,872
Amount due to a related company	—	520	—	—	520	520
Loans from former Controlling Shareholders	3.00	113	15,337	—	15,450	15,000
		42,505	15,337	—	57,842	57,392
At 31 March 2018						
Trade and other payables	—	49,235	—	—	49,235	49,235
Amount due to a related company	—	603	—	—	603	603
Loans from former Controlling Shareholders	3.00	113	337	15,450	15,900	15,000
		49,951	337	15,450	65,738	64,838

c. Fair value measurements recognised in the consolidated statement of financial postion

The fair value of financial assets and financial liabilities at amortised cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

28. OPERATING LEASE COMMITMENTS

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

	2019 HK$'000	2018 HK$'000
Within one year	81,558	94,606
In the second to the fifth year inclusive	103,957	112,782
	185,515	207,388

Leases are negotiated with monthly rental for a range of half year to five years.

The above lease commitments represent basic rents only and do not include contingent rents payable in respect of certain restaurants leased by the Group. In general, these contingent rents are calculated based on the relevant restaurants' turnover pursuant to the terms and conditions as set out in the respective rental agreements. It is not possible to estimate in advance the amount of such contingent rent payable. During the year, the amount of contingent rental recognised as expenses was approximately HK$2,357,000 (2018: HK$1,751,000), and the amount of basic rent recognised as expenses was approximately HK$109,478,000 (2018: HK$102,025,000).

Included above are the lease commitments for future minimum lease payments to Total Commitment (HK), a related company of the Group which is under the control of one of the executive directors of the Group.

	2019 HK$'000	2018 HK$'000
Within one year	60	150
	60	150

29. CAPITAL COMMITMENTS

	2019 HK$'000	2018 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment and intangible assets contracted for but not provided in the consolidated financial statements	3,066	3,384

30. RECONCILIATION OF LIABILITIES ARISING FROM A FINANCING ACTIVITY

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

	Loans from former Controlling Shareholders HK$'000
At 1 April 2017	15,000
Financing cash flows	(451)
Finance costs	451
At 31 March 2018	15,000
Financing cash flows	(449)
Finance costs	449
At 31 March 2019	15,000

31. RETIREMENT BENEFITS PLANS

The Group participates in a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The total expense recognised in profit or loss HK$6,737,000 (2018: HK$6,174,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

32. RELATED PARTY TRANSACTIONS

a. Significant related party transactions

All the related companies are controlled by one of the executive directors of the Company. In addition to those disclosed in Notes 22 and 23, the Group entered into the following significant transactions with related companies:

Name of related parties	Nature of transactions	2019 HK$'000	2018 HK$'000
Global Hotelware Limited	Purchases of property, plant and equipment	6,891	6,172
Total Commitment (HK)	Rental paid	180	180

32. RELATED PARTY TRANSACTIONS (CONTINUED)

b. Balances

Details of balances with related parties are set out in Note 22 and Note 23.

c. Compensation of key management personnel

The directors of the Company and the five highest paid employees (including directors and employees) are identified as key management members of the Group, their compensation during the year are set out in Note 12.

The remuneration of key management is determined having regard to the performance of individuals and market trends.

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2019 and 2018 were as follows:

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Proportion ownership interest held by the Company Directly		Indirectly		Principal activities/ Place of Operation
			2019	2018	2019	2018	
Dining Concepts Management Limited	British Virgin Islands 21 February 2018	US$1	100%	100%	—	—	Investment holding
Dining Concepts Limited	Hong Kong 11 September 2002	HK$10,000	—	—	100%	100%	Provision of catering management and design services in Hong Kong
Ace Trend Holdings Limited 順勢集團有限公司	Hong Kong 23 March 2017	HK$1	—	—	100%	100%	Operating restaurant in Hong Kong
Ample Rich Holdings Limited 鴻發集團有限公司	Hong Kong 26 January 2018	HK$300,000	—	—	100%	—	Operating restaurant in Hong Kong
BBQ Restaurants Limited	Hong Kong 9 March 2010	HK$1,000	—	—	100%	100%	Operating restaurant in Hong Kong
BLT Restaurants (HK) Limited	Hong Kong 10 September 2008	HK$500,000	—	—	100%	100%	Operating restaurant in Hong Kong
BLT Burger (HK) Limited	Hong Kong 27 July 2009	HK$500,000	—	—	100%	100%	Operating restaurant in Hong Kong
Bombay Dreams (HK) Limited	Hong Kong 26 July 2002	HK$10,000	—	—	100%	100%	Operating restaurant in Hong Kong
DC Events Limited	Hong Kong 1 December 2016	HK$10,000	—	—	100%	100%	Organising promotional events for restaurants
Excel Team Restaurants Limited	Hong Kong 14 January 2005	HK$1,000	—	—	100%	100%	Operating restaurants in Hong Kong
Excel Team Trading Limited 卓榮貿易有限公司	Hong Kong 3 September 2003	HK$1,000	—	—	100%	100%	Operating restaurant in Hong Kong
Fame Top Holdings Limited 銘高集團有限公司	Hong Kong 7 December 2011	HK$10,000	—	—	100%	100%	Operating restaurant in Hong Kong
Global Profit Enterprise Limited	Hong Kong 22 January 2007	HK$10,000	—	—	100%	100%	Operating restaurant in Hong Kong
Great Grant Limited 瀚鈞有限公司	Hong Kong 28 November 2016	HK$10,000	—	—	100%	100%	Operating restaurant in Hong Kong

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Proportion ownership interest held by the Company Directly 2019	Directly 2018	Indirectly 2019	Indirectly 2018	Principal activities/ Place of Operation
Kowloon Cantons Cricket Company Limited	Hong Kong 23 November 2016	HK$250,000	—	—	100%	—	Operating cricket club activities and promotion in Hong Kong
Lettuce Entertain You Limited	Hong Kong 18 November 2005	HK$1,000	—	—	100%	100%	Operating restaurant in Hong Kong
Max Prospect Holdings Limited 鴻昇集團有限公司	Hong Kong 18 November 2013	HK$10,000	—	—	100%	100%	Operating restaurant in Hong Kong
Most Glory Holdings Limited 至威集團有限公司	Hong Kong 3 March 2011	HK$10,000	—	—	100%	100%	Operating restaurant in Hong Kong
Multi Million Way Limited 萬元威有限公司	Hong Kong 18 October 2010	HK$1,000,000	—	—	100%	100%	Operating restaurant in Hong Kong
New Era Worldwide Limited	Hong Kong 22 March 2014	HK$10,000	—	—	100%	100%	Operating restaurant in Hong Kong
Pine Best Limited	Hong Kong 17 March 2014	HK$1	—	—	100%	100%	Operating restaurant in Hong Kong
Profit Best Holdings Limited 澤成集團有限公司	Hong Kong 17 September 2009	HK$500,000	—	—	100%	100%	Operating restaurant in Hong Kong
Rich Ever Limited 眾富有限公司	Hong Kong 24 December 2015	HK$300,000	—	—	100%	100%	Operating restaurant in Hong Kong
Smart Joy Limited 卓喜有限公司	Hong Kong 15 April 2010	HK$10,000	—	—	100%	100%	Operating restaurant in Hong Kong
Spectrum Rise Limited 濤昇有限公司	Hong Kong 12 December 2014	HK$1	—	—	100%	100%	Operating restaurant in Hong Kong
Strong Ace Limited 堅峻有限公司	Hong Kong 11 December 2014	HK$1	—	—	100%	100%	Operating restaurant in Hong Kong
Strong Empire Limited	Hong Kong 8 October 2015	HK$1,000,000	—	—	100%	100%	Operating restaurant in Hong Kong
Success Glory Limited	Hong Kong 5 January 2016	HK$10,000	—	—	100%	100%	Operating restaurant in Hong Kong
Trendy Move Limited 健海有限公司	Hong Kong 12 December 2014	HK$1	—	—	100%	100%	Operating restaurant in Hong Kong
Wealthy Trade Limited 貿寶有限公司	Hong Kong 8 November 2013	HK$300,000	—	—	100%	100%	Operating restaurant in Hong Kong
Wide Scope Holdings Limited 景宏集團有限公司	Hong Kong 28 May 2004	HK$1,000	—	—	100%	100%	Operating restaurant in Hong Kong
Wider Team Holdings Limited 博滙集團有公司	Hong Kong 6 March 2017	HK$1,000,000	—	—	100%	100%	Operating restaurant in Hong Kong
Winner Star Limited	Hong Kong 18 December 2015	HK$10,000	—	—	100%	100%	Operating restaurant in Hong Kong

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarized as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2019	2018
Operating restaurants	Hong Kong	7	7
Investment holding	British Virgin Islands	5	5
	The People's Republic of China	2	—
		14	12

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current asset		
Investments in subsidiaries	77,321	74,321
Current assets		
Other receivables	223	251
Amounts due from subsidiaries	—	2,661
Bank balances and cash	580	18,814
	803	21,726
Current liabilities		
Other payables	2,324	4,603
Amounts due to subsidiaries	—	3,694
	2,324	8,297
Net current (liabilities) assets	(1,521)	13,429
Total assets less current liabilities	75,800	87,750
Capital and reserves		
Share capital	63,037	63,037
Reserves	12,763	9,713
Total equity attributable to owners of the Company	75,800	72,750
Non-current liability		
Amount due to a subsidiary	—	15,000
	75,800	87,750

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

Movement of the Company's reserves:

	Share premium HK$'000	Other reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017	28,785	22,081	5,860	(43,214)	13,512
Loss and total comprehensive expenses for the year	—	—	—	(5,355)	(5,355)
Recognition of equity-settled share-based payment	—	—	1,556	—	1,556
At 31 March 2018	28,785	22,081	7,416	(48,569)	9,713
Loss and total comprehensive expenses for the year	—	—	—	3,050	3,050
Cancellation of share option	—	—	(7,416)	7,416	—
At 31 March 2019	28,785	22,081	—	(38,103)	12,763

FINANCIAL SUMMARY

Results

	Year ended 31 March				
	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
Revenue	593,000	550,448	491,539	462,921	468,241
(Loss) profit before taxation	(22,101)	5,074	(23,917)	25,713	33,334
Taxation	(5,816)	(7,340)	(5,717)	(7,593)	(9,956)
(Loss) profit for the year attributable to owners of the Company	(27,917)	(2,266)	(29,634)	18,120	23,378

Assets and liabilities

	As at 31 March				
	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
Total assets	197,068	228,940	226,237	171,099	188,661
Total liabilities	(79,114)	(83,067)	(79,654)	(52,902)	(88,584)
Total equity attributable to the owners of the Company	117,954	145,873	146,583	118,197	100,077

The summary of the consolidated results of the Group for the years ended 31 March 2017 and 2018 and the consolidated assets and liabilities of the Group as at 31 March 2017 and 2018 have been extracted from the Annual Report 2016/17 and 2017/18.

The summary of the consolidated results of the Group for the two years ended 31 March 2015 and 2016 and the consolidated assets and liabilities of the Group as at 31 March 2015 and 2016 have been extracted from the Prospectus. Such summary is presented on the basis as set out in the Prospectus.

The summary above does not form part of the audited financial statements.