TOP STANDARD CORPORATION

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8510

18/19

ANNUAL REPORT

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

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CORPORATE INFORMATION

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Cayman Islands

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COMPANY'S WEBSITE

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COMPANY SECRETARY

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

COMPLIANCE OFFICER

Mr. Chuk Stanley (祝嘉輝)

AUTHORISED REPRESENTATIVES

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

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AUDIT AND RISK MANAGEMENT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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103 South Church Street
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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PRINCIPAL BANKERS

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HSBC Main Building
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Central, Hong Kong

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "**Board**"), I am pleased to announce the Group's annual results for the year ended 31 March 2019 since the listing of the shares of the Company (the "**Shares**") on GEM of the Stock Exchange.

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

FINANCIAL RESULTS

For the year ended 31 March 2019, the total revenue of the Group was approximately HK$129.2 million (2018: approximately HK$116.1 million). The loss and total comprehensive expense was approximately HK$37.7 million (2018: approximately HK$21.9 million). The significant increase in loss was mainly attributable to (i) the start-up operating costs of the Group's new restaurants under the "Man Jiang Hong (滿江紅)" ("**MJH TST**") brand in Hong Kong and "Pure Veggie House (心齋)" ("**PVH Taipei**") brand in Taipei; (ii) the increase in the raw materials and consumables used; and (iii) the increase in the staff costs, which was primarily due to a higher number of management personnel of the Group and the additional salaries and other benefits payable to staff employed by MJH TST and PVH Taipei.

BUSINESS REVIEW AND PROSPECTS

Up to the date of this report, we have been operating six full-service restaurants serving different cuisines in Hong Kong, including (i) our two Sichuanese and Cantonese restaurants under the "San Xi Lou (三希樓)" brand located in Central and Causeway Bay, (ii) our fusion vegetarian restaurant under the "Pure Veggie House (心齋)" brand located in Central ("**PVH Central**") and Taipei ("**PVH Taipei**"), (iii) our Sichuanese restaurant under the "Man Jiang Hong (滿江紅)" located in Tsimshatsui and (iv) our Japanese restaurants under the "Ronin (浪人)" brand located in Wanchai ("**Ronin Wanchai**"), serving casual Japanese cuisine with "all-you-can-eat" buffet menu. Our Japanese restaurant was located in Central ("**Ronin Central**") has ceased operation by end of May 2019. The same premise is to be replaced by our PVH Central, of which the rental term of its original location in Coda Plaza expired in June 2019. We believe our multi-brand strategy enables us to target customers with different tastes and preferences, allowing us to benefit from the diversification of revenue sources.

The expansion of our restaurants portfolio could provide fresh tastes to our customers and further diversify our offerings to broaden our customer bases. The Group is actively exploring opportunities in expanding its restaurant network.

APPRECIATION

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

Chuk Stanley
Chairman

Hong Kong, 26 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong based restaurant group that offers Sichuanese and Cantonese, fusion vegetarian and Japanese cuisines under the "San Xi Lou (三希樓)", "Pure Veggie House (心齋)", "Man Jiang Hong (滿江紅)" and "Ronin (浪人)" brands, respectively. The Group's revenue for the year ended 31 March 2019 was primarily derived from catering income through its restaurants.

For the year ended 31 March 2019, the Group recorded an increase in revenue of approximately HK$13.1 million, representing an increase of approximately 11.3%, from approximately HK$116.1 million for the year ended 31 March 2018 to approximately HK$129.2 million for the year ended 31 March 2019. Such increase was mainly due to the inclusion of revenue generated by the Group's new Sichuanese restaurant MJH TST and the Group's second fusion vegetarian restaurant PVH Taipei, which were opened in October 2018 and January 2019 respectively. The two restaurants contributed approximately HK$6.9 million and HK$3.5 million to the Group's revenue. The Group's restaurant under the "San Xi Lou (三希樓)" brand located at Times Square, Causeway Bay ("**SXL Times Square**"), which commenced operations in November 2017, also reflected a full year performance during the year ended 31 March 2019. The restaurants under "San Xi Lou" brand contributed an increase by approximately HK$10.2 million to the revenue of the Group.

On 13 February 2018 (the "**Listing Date**"), the Shares were successfully listed on GEM by way of Share Offer. After deducting all the relevant commissions and expenses borne by the Company, there were approximately HK$42.3 million of net proceeds from the Share Offer. The Group will utilise such net proceeds in accordance with the business strategies as set out in the Company's prospectus (the "**Prospectus**") dated 31 January 2018 and our announcement regarding the change of use of proceeds dated 9 October 2018.

FINANCIAL REVIEW

Revenue

The Group's revenue increased to approximately HK$129.2 million for the year ended 31 March 2019 from approximately HK$116.1 million for the year ended 31 March 2018, representing an increase of approximately 11.3%. Such increase in the Group's revenue was mainly attributable to the inclusion of revenue in the amount of approximately HK$6.9 million and HK$3.5 million derived from the Group's two newly set up restaurants, namely MJH TST and PVH Taipei, which were opened in October 2018 and January 2019 respectively. The revenue recorded under the "San Xi Lou" brand increased by approximately HK$10.2 million as compared to the year ended 31 March 2018.

Raw materials and consumables used

The raw materials and consumables used increased to approximately HK$45.8 million for the year ended 31 March 2019 from approximately HK$34.7 million for the year ended 31 March 2018, representing an increase of approximately 32.0%. The Directors believed that such increase, mainly due to the raw materials acquired and consumed by the operating of MJH TST and PVH Taipei, in addition to increased use of raw materials in SXL Times Square which was in operation during the year ended 31 March 2019.

Staff costs

The Group's staff costs increased to approximately HK$53.4 million for the year ended 31 March 2019 from approximately HK$41.3 million for the year ended 31 March 2018, representing an increase of approximately 29.3%. Such increase in the Group's staff costs was mainly attributable to complete year effect by SXL Times Square and the additional staff employed for MJH TST and PVH Taipei, of which salaries and other benefits payable of approximately HK$4.8 million was incurred by the two new restaurants. The additional directors' emolument also increased the staff costs incurred after the listing of the Company's Shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation

The Group's depreciation increased to approximately HK$9.1 million for the year ended 31 March 2019 from approximately HK$5.7 million for the year ended 31 March 2018, representing an increase of approximately 59.6%. The Group's depreciation increased primarily due to the additional deprecation charge incurred by the Group arising from leasehold improvement of MJH TST, PVH Taipei and the full year effect incurred by SXL Times Square.

Rental and related expenses

Rental and related expenses increased to approximately HK$29.6 million for the year ended 31 March 2019 from approximately HK$23.6 million for the year ended 31 March 2018, representing an increase of approximately 25.4%. Such increase in the Group's rental and related expenses was mainly due to (i) the rental expenses incurred by MJH TST in Tsimshatsui, Hong Kong; (ii) the rental expenses incurred by PVH Taipei in Breeze Nanshan Mall (微風南山) in Taipei; and (iii) the full year rental expenses as incurred by SXL Times Square in Hong Kong.

Utilities expenses

The Group's utilities expenses increased to approximately HK$8.7 million for the year ended 31 March 2019 from approximately HK$5.3 million for the year ended 31 March 2018, representing an increase of approximately 64.2%. The Group's utilities expenses increased primarily due to the additional water, gas and electricity charges incurred by the Group arising from MJH TST, PVH Taipei and SXL Times Square.

Other expenses

Other expenses increased to approximately HK$15.2 million for the year ended 31 March 2019 from approximately HK$7.7 million for the year ended 31 March 2018, representing an increase of approximately 97.4%. The main reason for the increase were the increase in legal and professional fee incurred after listing and additional miscellaneous charges incurred by the Group arising from MJH TST, PVH Taipei and SXL Times Square.

Loss and total comprehensive expense

The loss and total comprehensive expense for the year ended 31 March 2018 of approximately HK$21.9 million increased to approximately HK$37.7 million for the year ended 31 March 2019. The increase in loss of approximately HK$15.8 million was mainly attributable to a combination of those factors discussed above.

Basic loss per share

The Group's basic loss per share increased to approximately 4.7 HK cents for the year ended 31 March 2019 from approximately 3.5 HK cents for the year ended 31 March 2018, representing an increase of approximately 1.2 HK cents. Such change was in line with the increase in loss and total comprehensive expense for the year ended 31 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

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

On 9 October 2018, the Board had resolved that (i) a part of the Net Proceeds that was originally intended for the establishment of a central kitchen will be applied towards paying the set-up costs of MJH TST, and (ii) the Net Proceeds that was originally intended for the establishment of a new restaurant under the "Pure Veggie House (心齋)" brand in Kowloon will be applied towards PVH Taipei. Details of the change in use of proceed can be referred to the announcement dated 9 October 2018.

The table below sets out the adjusted allocation and the actual usage of the Actual Net Proceeds as at 31 March 2019.

	Adjusted allocation of the Actual Net Proceeds HK$ (million)	Actual usage of the Actual Net Proceeds as at 31 March 2019 HK$ (million)
Business strategies as set out in the Prospectus and announcement regarding change in use of proceeds		
Establishing a central kitchen	6.0	Nil
Renovating our premises and upgrading our equipment	10.7	10.0
Establishing MJH TST	10.0	10.0
Establishing PVH Taipei	8.9	7.8
Repayment of utilised banking facility	3.6	3.6
Strengthen our marketing effects	1.0	1.0
Upgrading our information system	0.9	0.2
General working capital	1.2	1.2
	42.3	33.8

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group has total assets of approximately HK$65.0 million (2018: approximately HK$89.1 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK$53.1 million (2018: approximately HK$39.3 million) and approximately HK$11.9 million (2018: approximately HK$49.8 million), respectively. The current ratio as at 31 March 2019 of the Group was approximately 0.5 times (2018: approximately 1.5 times).

The net cash used in operating activities of approximately HK$23.1 million. As at 31 March 2019, the Group had bank balances and cash of approximately HK$1.9 million (2018: approximately HK$52.1 million). The total interest-bearing loan of the Group as at 31 March 2019 was approximately HK$23.0 million (2018: approximately HK$21.7 million). The gearing ratio (calculated based on interest bearing loan and the obligation under finance lease divided by total equity) of the Group as at 31 March 2019 was approximately 1.9 times (2018: approximately 0.4 times).

FOREIGN EXCHANGE EXPOSURE

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

The transactions and monetary assets denominated in Renminbi are minimal for the two years ended 31 March 2018 and 2019, the Group considers there were no significant foreign exchange risks in respect of Renminbi for both years.

CAPITAL STRUCTURE

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

As at 31 March 2019, the Company issued share capital was HK$8,000,000 divided into 800,000,000 Shares of HK$0.01 each.

MANAGEMENT DISCUSSION AND ANALYSIS

BORROWINGS

As at 31 March 2019, the total borrowings of the Group were denominated in Hong Kong dollars and New Taiwan dollars, amounted to approximately HK$21.5 million and HK$1.5 million respectively (2018: approximately HK$21.7 million were denominated in Hong Kong dollars) and borne floating interest rates from 3.4% to 6.4% per annum as at 31 March 2019. No financial instrument was being used for interest rate hedging purpose.

The Group had HK$8.1 million unsecured and interest-free amounts due to director as at 31 March 2019 (2018: Nil).

PLEDGE OF ASSETS

As at 31 March 2019, the Group's obligation under a finance lease was secured by the lessor's title to the leased asset, which had a carrying amount of approximately HK$0.2 million (2018: approximately HK$0.2 million).

As at 31 March 2019, pledged bank deposits held by the Group amounted to approximately HK$8.0 million (2018: Nil) represent fixed deposits pledged to bank as security of bank borrowings amounted to approximately HK$7.4 million.

COMMITMENTS

The Group was committed to make future minimum lease payments under non-cancellable operating leases. The Group's operating lease commitments amounted to approximately HK$52.4 million as at 31 March 2019 (2018: approximately HK$42.3 million).

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

Save for the reorganisation of the Group in preparation for the Listing, the Group did not have any material acquisition nor disposal of subsidiaries, associates or joint ventures during the two years ended 31 March 2018 and 2019.

CONTINGENT LIABILITIES

As at 31 March 2018 and 31 March 2019, the Group did not have significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2018 and 31 March 2019, the Group did not have have any significant capital commitments.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2019.

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

Save as disclosed in the Prospectus and in this report, the Group did not hold any significant investments as at 31 March 2018 and 2019 or have other plans for material investments and capital assets as at the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. During the year ended 31 March 2019, the Group's revenue was generated in Hong Kong and Taiwan. If Hong Kong and/or Taiwan experience any adverse economic condition due to events beyond our control, such as natural disasters, contagious disease outbreaks, terrorist attacks, a local economic downturn, mass civil disobedience movements or if the local authorities place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected.

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

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

   (ii) Minimum wage requirements in Hong Kong was raised from HK$34.5 per hour to HK$37.5 per hour with effect from 1 May 2019, and may further increase and affect our staff costs in the future.

   (iii) As at 31 March 2019, the Group leased all the properties for its restaurants operating in Hong Kong and Taiwan. Therefore, the Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

The Group would also be affected by interest rate risk, credit risk, currency risk and liquidity risk. The financial risk management policies and practices of the Group are stated in note 27 to the consolidated financial statements in this annual report.

PROSPECT

In view of the keen competition of Japanese cuisine in the neighborhood, the Group has ceased the operation of Ronin Central in May 2019. Alternatively, as the tenancy agreement of PVH Central situated in Coda Plaza is to be expired by end of June 2019. The Group has decided to relocate PVH Central to the premise where Ronin Central was located. The new PVH Central is under renovation and is expected to reopen in August 2019. The Group is in the view that the reallocation of the restaurant would be beneficial to the Group, in the view that the competition of vegetarian cuisine would be relatively less keen over that location and a brand new environment could maintain existing customers and to attract potential customers. The Group is optimistic to the performance to be brought by the reallocation of the restaurant.

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

The Group hopes to bring its top standard cuisine to wide range of customer and as such is actively exploring opportunities in expanding its restaurant network and is also looking at the possibility of expanding its geographical coverage.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chuk Stanley (祝嘉輝) (formerly known as Mr. Chuk Stanley Cah Fai), aged 40, is the chairman of the Board, an executive Director and the chief executive officer of the Group. He was appointed as a Director on 11 February 2016. He was re-designated as the executive Director and appointed as the chief executive officer of the Company and the chairman of the Board on 21 August 2017. He joined the Group as a director of Great Planner Limited, one of the operating subsidiaries of the Group, on 15 February 2008. He is primarily responsible for overseeing and planning of our business strategies and responsible for the overall management of the Group. He is the chairman of nomination committee and a member of remuneration committee. Mr. Chuk Stanley is also a director of all the subsidiaries of the Company.

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

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

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

Mr. Lam Ka Wong, Johnson (林家煌), aged 39, was appointed as an executive Director and the chief operating officer of the Company on 21 August 2017. He was the financial controller of the Group from 18 November 2008 to 21 August 2017. Mr. Lam is primarily responsible for the overall management of the Group.

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

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

Mr. Chuk Kin Yuen (祝建原), aged 65, was appointed as an executive Director of the Company on 21 August 2017. He is primarily responsible for overseeing and planning of the Group's business strategies. He has been a director of Good Step Limited, one of the operating subsidiaries of the Group, since February 2013 and joined the Group on 20 October 2016, being the day on which Good Step Limited became part of the Group. He has been in charge of the management and operation of Ronin Central and Ronin Wanchai since their commencement of business. He is a member of nomination committee.

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chian Yat Ping (錢一平), aged 53, was appointed as an independent non-executive Director on 23 January 2018. She is primarily responsible for supervising the Group's compliance and corporate governance matters and providing independent advice to the Board. She is the chairman of audit and risk management committee and a member of remuneration committee and nomination committee.

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

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

Mr. Yew Tak Yun, Paul (姚德恩), aged 59, was appointed as an independent non-executive Director on 23 January 2018. He is primarily responsible for supervising the Group's compliance and corporate governance matters and providing independent advice to the Board. He is a member of audit and risk management committee, nomination committee and remuneration committee.

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

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

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Kwok Ki, Stephen (陳國基), aged 46, was appointed as an independent non-executive Director on 23 January 2018. He is primarily responsible for supervising the Group's compliance and corporate governance matters and providing independent advice to the Board. He is the chairman of remuneration committee and a member of audit and risk management committee and nomination committee.

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

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

SENIOR MANAGEMENT

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

Mr. Chu Pui Ki, Dickson (朱沛祺), aged 34, was appointed as the company secretary of the Company on 22 June 2017 and the financial controller of the Group with effect from 21 August 2017. Mr. Chu is primarily responsible for overseeing the company secretarial affairs and the financial matters of the Group.

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

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

Mr. Ma Tat Cheong (馬達昌), aged 57, was appointed as the senior manager of the Group with effect from April 2012. He is primarily responsible for overseeing the general operation of our restaurants, coordinating the promotion of our offerings and monitoring food safety and quality. Mr. Ma has served at the Group for nearly 10 years. He joined the Group as a manager in February 2008.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Chi Hung (黃志雄), aged 49, was appointed as the head chef of the Group with effect from March 2009. He is primarily responsible for overseeing food quality control, inventory and kitchen staff. Mr. Wong has served at the Group for nearly 10 years. He joined the Group as a sous chef in February 2008.

Mrs. Chuk Cheng Sau Mun, Winnie (祝鄭秀滿) (formerly known as Cheng Sau Mun (鄭秀滿)), aged 48, was appointed as the administrative manager of Good Step Limited on 30 August 2017. She is primarily responsible for the general administration matter of Good Step Limited. She joined Good Step Limited, one of the operating subsidiaries of the Group, as the operational and finance manager in January 2014 and joined the Group on 20 October 2016, being the day on which Good Step Limited became part of the Group.

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

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

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

REPORT OF DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in the operation of full-service restaurants under our self-owned brands in Hong Kong. Analysis of the principal activities of the Group during the year ended 31 March 2019 is set out in the note 31 to the consolidated financial statements.

BUSINESS REVIEW

Details of business review are set out in the section headed "Management Discussion and Analysis" on page 5 of this annual report. An analysis using financial key performance indicators can be found in the section headed "Management Discussion and Analysis" on pages 5 to 10 of this annual report.

SEGMENT INFORMATION

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

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

RESULTS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 49 of this annual report.

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: nil).

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last three financial years is set out on page 112 of this annual report. This summary does not form part of the audited consolidated financial statements.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Share Offer (after deducting underwriting fees and related expenses) amounted to approximately HK$42.3 million, which are intended to be applied in the manner as disclosed in the Prospectus and the announcement regarding change of proceeds date 9 October 2018. For details, please refer to the section headed "Management Discussion and Analysis — Use of proceeds" on page 7 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

Due to the nature of our business, the majority of our customers consist of retail customers from the general public. As such, the Directors consider that it is not practicable to identify the five largest customers of the Group for the year ended 31 March 2019 and we did not rely on any single customer during the year. For instance, none of our customers accounted for 5% or more of our revenue for the year ended 31 March 2019.

Major Suppliers

For the year ended 31 March 2019, the Group's five largest suppliers accounted for approximately 63.2% (2018: approximately 44.9%) of the Group's total purchases and our single largest supplier accounted for approximately 36.8% (2018: approximately 13.0%) of the Group's total purchases.

During the year ended 31 March 2019, none of the Directors or any of their close associates or any shareholders of the Company (the "**Shareholders**") (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in any of the Group's five largest suppliers.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Company and the Group during the year ended 31 March 2019 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2019 are set out in note 23 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 March 2019 are set out in note 30 to the consolidated financial statements and the consolidated statement of changes in equity on page 52 of this annual report respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2019, the Company's reserves available for distribution amounted to approximately HK$3.6 million (2018: HK$41.7 million) as calculated based on the Company's share premium less accumulated losses.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2019 are set out in note 20 to the consolidated financial statements.

REPORT OF DIRECTORS

DIRECTORS

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

Executive Directors

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

Independent Non-executive Directors

Ms. Chian Yat Ping
Mr. Yew Tak Yun, Paul
Mr. Chan Kwok Ki, Stephen

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

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

Accordingly, Mr. Chuk Stanley and Ms. Chian Yat Ping shall retire at the forthcoming annual general meeting (the "**AGM**"). All of the above retiring Directors, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 11 to 14 of this annual report.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Upon specific enquiry by the Company, save as disclosed in the section headed "Directors and Senior Management" in this annual report, there was no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the year ended 31 March 2019 and remain so as at the date of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the year ended 31 March 2019 and remain so as at the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

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

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

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

TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as those interests set out in note 28 to the consolidated financial statements and the transactions as set out in the paragraphs under "Continuing connected transactions" below, (i) no other Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party, (ii) there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries, and (iii) there was no contract of significance between the Company or one of its subsidiaries and a controlling shareholder or any of its subsidiaries, during the year ended 31 March 2019 and up to the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2019 and up to the date of this annual report.

EMPLOYEES AND REMUNERATION POLICY

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

As at 31 March 2019, the total number of full time and casual or part time employees of the Group was 241 (2018: 229). Total staff costs (including Directors' emoluments) were approximately HK$53.4 million for the year ended 31 March 2019 (2018: approximately HK$41.3 million). Details of the emoluments of the Directors, and five highest paid individuals during the year ended 31 March 2019 are set out in note 7 to the consolidated financial statements.

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

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

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

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

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

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

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

Notes:

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

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

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

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year ended 31 March 2019 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As at 31 March 2019, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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

Notes:

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

Save as disclosed above, as at 31 March 2019, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

EQUITY-LINKED AGREEMENTS

No equity-linked agreement that would or might result in the Company issuing shares, or that requiring the Company to enter into an agreement that would or might result in the Company issuing shares, was entered into by the Company during the year ended 31 March 2019 or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

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

NON-COMPETITION UNDERTAKING

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

The Company has received confirmations from the Covenants confirming their compliance with the Deed of Non-competition during the year ended 31 March 2019 for disclosure in this report.

The independent non-executive Directors have reviewed the compliance with the Deed of Non-competition during the year ended 31 March 2019 based on the information and confirmation provided by or obtained from the Covenantors, and were satisfied that the Covenantors have duly complied with the Deed of Non-competition.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 March 2019, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) had engaged in or had any interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Tenancy Agreement between the Group and Charm Region

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

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

The annual caps under the Tenancy Agreement are HK$0.6 million, HK$2.45 million and HK$2.75 million for the period from 1 January 2018 to 31 March 2018 and for the two years ending 31 March 2019 and 31 March 2020, respectively. Since the commencement of the Tenancy Agreement, the aggregate rental paid by Good Step to Charm Region for the Premises was approximately HK$0.6 million.

Charm Region is owned as to 50% by Mr. KY Chuk and 50% by Mr. Steve Chuk. Mr. KY Chuk is a Director, and Mr. Steve Chuk is son of Mr. KY Chuk and elder brother of Mr. Stanley Chuk, who are both Directors. As such, Charm Region is a connected person of the Company under the GEM Listing Rules. Accordingly, the Tenancy Agreement falls under the definition of continuing connected transaction under Chapter 20 of the GEM Listing Rules, and also constitutes a related party transaction of the Group as disclosed on page 107 of this annual report. The Group has complied with applicable disclosure requirements under Chapter 20 of the GEM Listing Rules in respect of such continuing connected transaction.

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

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

(b) on normal commercial terms or better; and

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

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

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

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

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

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

This related party transaction as disclosed in note 28 to the consolidated financial statements constituted connected transactions or continuing connected transactions of the Company as defined in Chapter 20 of the GEM Listing Rules and are in compliance with the disclosure requirements under Chapter 20 of the GEM Listing Rules.

Save as disclosed in this annual report, during the year ended 31 March 2019, the Company had no connected transactions or continuing connected transactions which would fall to be disclosed in accordance with the provisions under Chapter 20 of the GEM Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

DONATIONS

During the year ended 31 March 2019, the Group did not make any charitable and other donations (2018: approximately HK$8,000).

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 March 2019, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to providing an environmental friendly culture and atmosphere within the Group. The Group has undertaken environmental protection measures such as (i) reduction of use of papers; (ii) minimisation of electricity consumption outside business hours; and (iii) recycling of waste cooking oil. As a responsible corporation, to the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection during the year ended 31 March 2019. A separate environmental, social and governance report is expected to be published on the website of the Stock Exchange and the Company no later than three months after the publication of this report.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

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

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and has been in force throughout the year ended 31 March 2019. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against the Directors.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2019 and up to the date of this report.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the Company (the "**Audit and Risk Management Committee**") had, together with the management and external auditor of the Company (the "**Auditor**"), reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 March 2019.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 27 to 43 of this annual report.

The compliance officer and company secretary of the Company are Mr. Chuk Stanley and Mr. Chu Pui Ki, Dickson, respectively. Their biographical details are set out on pages 11 and 13 of this annual report.

INTERESTS OF COMPLIANCE ADVISER

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the GEM Listing Rules, was held by the public at all times during the year ended 31 March 2019 and as at the date of this annual report.

AUDITOR

D & PARTNERS CPA LIMITED was appointed as the auditor of the Company by the Board on 26 April 2019 to fill the causal vacancy following the resignation of Deloitte Touche Tohmatsu and held the office until the conclusion of the 2019 annual general meeting of the Company. Save for the above, there was no other change in the auditor of the Company since the Company listed on 13 February 2018.

The financial statements for the year ended 31 March 2019 have been audited by D & PARTNERS CPA LIMITED. D & PARTNERS CPA LIMITED will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint D & PARTNERS CPA LIMITED as the auditor of the Company will be proposed at the forthcoming annual general meeting.

REPORT OF DIRECTORS

PUBLICATION OF INFORMATION ON WEBSITES

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

On behalf of the Board

Chuk Stanley
Chairman and Executive Director

Hong Kong, 26 June 2019

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 March 2019.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under the CG Code throughout the year ended 31 March 2019 save for code provision A.2.1. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

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

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

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

Board Composition

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

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

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

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

During the year ended 31 March 2019, the Board has met at all times the requirements under Rules 5.05(1) and 5.05(2) of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

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

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

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

Induction and Continuous Professional Development

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

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

According to the information provided by the Directors, a summary of training received by the Directors during the year ended 31 March 2019 is as follows:

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

Notes:

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

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

C: Attending extend training course/seminars in relation to new changes to licensing laws and regulations that affecting the catering industry.

Chairman and Chief Executive Officer

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

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

Appointment and Re-election of Directors

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

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

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

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

Board Meetings

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

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

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

During the year ended 31 March 2019, there were four meetings held by the Board. All of the Directors attended the said Board meetings. Subsequent to 31 March 2019 and up to the date of this annual report, one Board meeting with all Directors present was held.

Required Standard of Dealings for Securities Transactions

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings during the year ended 31 March 2019.

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

Delegation by the Board

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

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

Corporate Governance Function

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

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

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

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

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

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

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

BOARD COMMITTEES

Audit and Risk Management Committee

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

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

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

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

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

4. to review financial information; and

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

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

For the year ended 31 March 2019, there were four meetings held by the Audit and Risk Management Committee to (i) review with external auditors the external audit findings, the accounting principles and practices adopted by the Group, and the Listing Rules and statutory compliance; (ii) discuss auditing and financial reporting matters, including the review of the audited financial statements for the year ended 31 March 2018 and the unaudited financial statements for the three months ended 30 June 2018, for the six months ended 30 September 2018 and for the nine months ended 31 December 2018, with recommendations to the Board for approval; (iii) review the independence of the auditors; (iv) review and make recommendations to the Board on the auditors' re-appointment and remuneration; and (v) review the Group's risk management and internal control systems. All members of the Audit and Risk Management Committee attended the said meetings. Subsequent to 31 March 2019 and up to the date of this annual report, a meeting of the Audit and Risk Management Committee was held in which the Audit and Risk Management Committee, among other things, reviewed and considered the consolidated financial statements of the Group for the year ended 31 March 2019 and recommended the re-appointment of the Auditor. All members of the Audit and Risk Management Committee attended the said meeting.

The Company will comply with the CG Code to hold at least four meetings of the Audit and Risk Management Committee annually for the year ending 31 March 2020 onwards.

Nomination Committee

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

The principal duties of the Nomination Committee include the following:

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

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

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

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

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

For the year ended 31 March 2019, there was one meeting held by the Nomination Committee to (i) review the structure, size, composition and diversity of the Board; (ii) assess the independence of independent non-executive directors with reference to the requirements under the Listing Rules; and (iii) nominate the retiring directors for re-election at the annual general meeting held on 22 August 2018. Subsequent to 31 March 2019 and up to the date of this annual report, one meeting of the Nomination Committee was held in which the Nomination Committee, among other things, (i) reviewed and considered that the structure, size and composition of the Board are appropriate, (ii) assessed the independence of independent non-executive Directors, and (iii) recommended the re-elections of Directors at the annual general meeting to be held. All members of the Nomination Committee attended the said meetings.

Remuneration Committee

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

The principal duties of the Remuneration Committee include the following:

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

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

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

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

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

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

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

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

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

For the year ended 31 March 2019, there was one meeting held by the Remuneration Committee to review and make recommendations to the Board on the remuneration package of the directors and senior management for the year ended 31 March 2019. Subsequent to 31 March 2019 and up to the date of this annual report, a meeting of the Remuneration Committee was held in which the Remuneration Committee, among other things, discussed and reviewed the remuneration packages for the Directors and senior management of the Company, and made recommendations to the Board on the remuneration packages of individual Directors and senior management for the year ending 31 March 2020. All members of the Remuneration Committee attended the said meeting.

Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the Board and senior management of the Company, whose biographies are set out on pages 11 to 14 of this annual report, for the year ended 31 March 2019 are set out below:

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

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 March 2019 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

The statement by the Auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 44 to 48 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

Responsibility

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

Risk Management and Internal Controls Framework

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

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

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

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

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

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

Risk Management

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

1. Identify risks;

2. Analyse risks;

3. Evaluate risks; and

4. Treat risks.

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

Internal Controls

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

To assist the Audit and Risk Management Committee in discharging its duties, the Company has engaged an internal control consultant to conduct an annual review on the adequacy and effectiveness of the Group's internal control system in respect of its compliance with licensing laws and regulations in Hong Kong for each financial year and submit a report. In particular, the internal control consultant shall set out in its report regarding the Group's compliance status with the applicable laws and regulations for the Group's licensing matters and the effectiveness of the Group's internal control system in ensuring the Group's compliance with the applicable licensing requirements for its restaurants. No material deficiency was noted by the internal control consultant regarding licensing matters of the Group during the year ended 31 March 2019.

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

Review of Risk Management and Internal Control Systems

In respect of the year ended 31 March 2019, the Board conducted a review of the effectiveness of the risk management and internal control systems and considers the systems to be effective and adequate. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group have been identified. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. A review on the risk management and internal control systems will be conducted on an annual basis.

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

Disclosure of Inside Information

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

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

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

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

There was no disagreement between the Board and the Audit and Risk Management Committee on the selection and appointment of the external auditors for the year ended 31 March 2019.

The remuneration for the audit and non-audit services provided by the Auditor to the Group during the year ended 31 March 2019 was approximately as follows:

Type of Services	Amount (HK$'000)
Audit services	520
Non-audit services related to agreed-upon procedures with respect to the preliminary announcement of results of the Group	10
Non-audit services related to auditor's letter on continuing connected transaction entered into by the Group	10
Total	540

COMPANY SECRETARY

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

During the year ended 31 March 2019, Mr. Chu has undertaken not less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

BOARD DIVERSITY POLICY

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

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

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

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

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

NOMINATION POLICY

The Board adopted a nomination policy (the "**Nomination Policy**") on 27 December 2018. A summary of the Nomination Policy, together with the selection criteria and the nomination procedures made towards achieving those objectives are disclosed below:

Summary of the Nomination Policy

The Nomination Policy provides the key selection criteria and general principles of the Nomination Committee in making any recommendation on the appointment and re-appointment of the Directors. It aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Group's business.

Selection criteria

When making recommendation(s) regarding the appointment of any proposed candidate(s) for directorships to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a number of criteria including but not limited to the followings:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;

(c) Measurable objectives adopted for achieving diversity on the Board;

(d) Requirements of the Board to have independent directors in accordance with the Rules ("GEM Listing Rules") Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules.

(e) Potential contributions he/she will bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(f) Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

(g) Other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles and other applicable rules and regulations. The progress made towards achieving the objectives set out in the Nomination Policy will be disclosed periodically in the corporate governance report of the Company.

Nomination procedures

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) Appointment of new director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents;

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable;

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(b) Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board;

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above;

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the GEM Listing Rules and/or applicable laws and regulations.

Review of Nomination Policy

The Nomination Committee will conduct regular reviews on the structure, size and composition of the Board and this Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

DIVIDEND POLICY

Under the Dividend Policy, the declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Law of the Cayman Islands and the articles of association of the Company.

The Company do not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, inter alia, the Group's results of operations, cashflows and financial condition, general business conditions and strategies, operating and capital requirements, future prospects, legal and tax considerations and other factors the Board deems appropriate. Our Directors will consider as to whether if there is any material adverse impact on our Group's financial and liquidity position arising out of the dividend payments. Dividends may be paid out by way of cash or by other means that our Group considers appropriate.

The Company will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

SHAREHOLDERS' RIGHTS

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

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

Convening of extraordinary general meeting and putting forward proposals

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

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

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company by mail to Room 2704, 27th Floor, Universal Trade Centre, 3 Arbuthnot Road, Central, Hong Kong or by email via ir@topstandard.com.hk. Share registration matters shall be handled for the Shareholders by the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company have been amended and restated with effect from the Listing Date. There was no change on the memorandum and articles of association of the Company during the year ended 31 March 2019.

CONCLUSION

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

INDEPENDENT AUDITOR'S REPORT

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

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

OPINION

We have audited the consolidated financial statements of Top Standard Corporation (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 49 to 112, 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to note 2 to the consolidated financial statements, which states that the Group reported a loss of HK$37,654,000 during the year ended 31 March 2019 and the Group's current liabilities exceeded its current assets by HK$23,988,000 as at 31 March 2019. The aforesaid matters as described in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Revenue from catering services of the Group's restaurant operations We identified revenue from catering services of the Group's restaurant operations as a key audit matter due to its significant amount to the consolidated statement of profit or loss and other comprehensive income. The accounting policy for revenue recognition in relation to revenue from catering services of the Group's restaurant operations is disclosed in note 4 to the consolidated financial statements. For the year ended 31 March 2019, revenue from catering services of the Group's restaurant operations amounted to HK$128,434,000 with details set out in note 6 to the consolidated financial statements. The vast majority of revenue was relied on information system and was settled in cash or by credit card.	Our procedures in relation to revenue from catering services of the Group's restaurant operations included: • Obtaining an understanding of the Group's revenue recognition policy for catering services of the Group's restaurant operations; • Obtaining an understanding of the revenue business process and key controls, and testing of the key manual and information technology controls in relation to revenue from catering services of the Group's restaurant operations with the involvement of our internal information technology specialist; • Checking the revenue from catering services of the Group's restaurant operations, on a sample basis, to daily sales reports and cash receipts and credit card settlements; and • Using data analytic tools to identify the unusual patterns of revenue from catering services of the Group's restaurant operations, and obtaining and assessing the reasonableness of management's explanation for the unusual patterns identified, if any.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment of property and equipment allocated to certain loss-making operating restaurants ("loss-making restaurants") We identified the impairment of property and equipment 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 the property and equipment of those restaurants may be impaired. In determining whether property and equipment of the loss-making restaurants were impaired required an estimation of the recoverable amount of a loss-making restaurant to which the property and equipment belong, which is the value in use of that loss-making restaurant. The value in use of the property and equipment 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, HK$3,432,000 impairment was recognised on property and equipment during the year ended 31 March 2019.	Our procedures in relation to evaluating the impairment assessment of property and equipment allocated to loss-making restaurants included: • Understanding how management performs impairment assessment on property and equipment; • Evaluating the reasonableness of the operating cash flows forecast and the key assumptions used, including 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.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 22 June 2018.

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.

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

- 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 Yeung Chun Yue, David.

D & PARTNERS CPA LIMITED
Certified Public Accountants
Hong Kong
26 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	**129,168**	116,142
Other income		**230**	42
Impairment losses on trade receivables		**(509)**	–
Other gains and losses		**(3,618)**	–
Raw materials and consumables used		**(45,775)**	(34,677)
Staff costs		**(53,412)**	(41,324)
Depreciation		**(9,087)**	(5,687)
Rental and related expenses		**(29,583)**	(23,569)
Utilities expenses		**(8,734)**	(5,311)
Listing expenses		**–**	(17,961)
Other expenses		**(15,230)**	(7,720)
Finance costs	8	**(855)**	(651)
Loss before taxation		**(37,405)**	(20,716)
Income tax expense	9	**(249)**	(1,178)
Loss for the year	10	**(37,654)**	(21,894)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of a foreign operation		**(37)**	–
Total comprehensive expense for the year		**(37,691)**	(21,894)
Total comprehensive expense for the year attributable to the owners of the Company		**(37,691)**	(21,894)
Loss per share			
Basic (HK cents)	12	**(4.71)**	(3.50)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property and equipment	13	**38,139**	23,092
Deposits	16	**6,838**	7,590
Deferred tax assets	14	**235**	432
		45,212	31,114
Current assets			
Inventories	15	**637**	648
Trade receivables, deposits and prepayments	16	**8,017**	4,688
Amounts due from related parties	19	**10**	–
Tax recoverable		**1,256**	559
Pledged bank deposits	17	**8,038**	–
Bank balances and cash	17	**1,875**	52,127
		19,833	58,022
Current liabilities			
Trade and other payables and accruals	18	**20,736**	16,294
Bank borrowings	20	**23,005**	21,740
Obligations under finance leases	21	**80**	53
		43,821	38,087
Net current (liabilities) assets		**(23,988)**	19,935
Total assets less current liabilities		**21,224**	51,049

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Deferred tax liabilities	14	**140**	109
Obligations under finance leases	21	**129**	140
Provision	22	**970**	960
Amounts due to directors	19	**8,062**	–
		9,301	1,209
Net assets		**11,923**	49,840
Capital and reserves			
Share capital	23	**8,000**	8,000
Reserves		**3,923**	41,840
Total Equity		**11,923**	49,840

The consolidated financial statements on pages 49 to 111 were approved and authorised for issue by the Board of Directors on 26 June 2019 and are signed on its behalf by:

CHUK STANLEY
DIRECTOR

CHUK KIN YUEN
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company					
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (note)	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017	–	8,072	4,686	–	(1,256)	11,502
Loss and total comprehensive expense for the year	–	–	–	–	(21,894)	(21,894)
Issue of shares (note 23)	2,000	68,000	–	–	–	70,000
Capitalisation issue (note 23)	6,000	(6,000)	–	–	–	–
Transaction costs directly attributable to issue of shares	–	(9,768)	–	–	–	(9,768)
At 31 March 2018	**8,000**	**60,304**	**4,686**	**–**	**(23,150)**	**49,840**
Adjustment (note 3)	**–**	**–**	**–**	**–**	**(226)**	**(226)**
At 1 April 2018 (Restated)	**8,000**	**60,304**	**4,686**	**–**	**(23,376)**	**49,614**
Loss for the year	**–**	**–**	**–**	**–**	**(37,654)**	**(37,654)**
Exchange differences arising on translation of a foreign operation	**–**	**–**	**–**	**(37)**	**–**	**(37)**
Other comprehensive expense for the year	**–**	**–**	**–**	**(37)**	**–**	**(37)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(37)**	**(37,654)**	**(37,691)**
At 31 March 2019	**8,000**	**60,304**	**4,686**	**(37)**	**(61,030)**	**11,923**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(37,405)**	(20,716)
Adjustments for:		
Depreciation	**9,087**	5,687
Finance costs	**855**	651
Interest income	**(127)**	–
Impairment loss, net of reversal		
— property and equipment	**3,432**	–
— trade receivables	**509**	–
Loss on disposal of property and equipment	**75**	–
Exchange differences	**101**	–
Operating cash flows before movements in working capital	**(23,473)**	(14,378)
Decrease (increase) in inventories	**11**	(180)
Increase in trade receivables, deposits and prepayments	**(3,312)**	(6,761)
(Increase) decrease in amounts due from related parties/former related parties	**(10)**	3,141
Increase in trade and other payables and accruals	**4,452**	6,235
Decrease in amounts due to related parties	**–**	(324)
Cash used in operations	**(22,332)**	(12,267)
Hong Kong Profits Tax paid	**(718)**	(2,310)
NET CASH USED IN OPERATING ACTIVITIES	**(23,050)**	(14,577)
INVESTING ACTIVITIES		
Interest received	**127**	–
Advance to related parties/former related parties	**–**	(13,591)
Repayment from related parties/former related parties	**–**	30,203
Purchases of property and equipment	**(27,695)**	(13,750)
Placement of pledged bank deposits	**(8,038)**	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(35,606)**	2,862
FINANCING ACTIVITIES		
Advance from directors	**8,062**	–
Repayment to related parties	**–**	(571)
Repayment of obligations under finance leases	**(59)**	(49)
Increase in bank overdrafts	**2,155**	–
New borrowings raised	**26,836**	23,136
Repayment of bank borrowings	**(27,726)**	(20,253)
Interest paid	**(855)**	(651)
Proceeds from issue of shares	**–**	70,000
Transaction costs directly attributable to issue of shares paid	**–**	(9,122)
NET CASH FROM FINANCING ACTIVITIES	**8,413**	62,490
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(50,243)**	50,775
CASH AND CASH EQUIVALENTS AT 1 APRIL	**52,127**	1,352
Effect of foreign exchange rate changes	**(9)**	–
CASH AND CASH EQUIVALENTS AT 31 MARCH, represented by bank balances and cash	**1,875**	52,127

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL

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

The addresses of the Company's registered office and the principal place of business are 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and Unit 2704, 27th Floor, Universal Trade Centre, 3 Arbuthnot Road, Central, Hong Kong, respectively.

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

The Company is an investment holding company. The activities of its subsidiaries are set out in note 31.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

During the year ended 31 March 2019, the Group reported a loss of HK$37,654,000. As at 31 March 2019, the Group's current liabilities exceeded its current assets by approximately HK$23,988,000. As at 31 March 2019, the Group had total bank borrowings of HK$23,005,000, of which approximately HK$16,757,000 are scheduled to be repayable within the coming twelve months from 31 March 2019. As at the same date, its bank balances and cash amounted to HK$1,875,000 only.

The above matters indicated that the Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations. All of the above conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 March 2019. The directors are of the opinion that, taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2019:

(i) In June 2019, the Group successfully obtained unsecured and interest-free long-term borrowings from Mr. Chuk Kin Yuen ("Mr. KY Chuk"), the shareholder of the Group of approximately HK$18,000,000;

(ii) The Group had further obtained a loan facility with an aggregated amount of HK$20,000,000 from a licensed money lending company in Hong Kong. As at the date of this announcement, no facility had been drawn down by the Group;

(iii) Subsequent to 31 March 2019, the Group issued a HK$30,000,000 bond at 10% interest per annum and approximately HK$2,000,000 has been subscribed by the bond investors up to the date of this report;

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(iv) Mr. Stanley Chuk and Mr. KY Chuk, the substantial shareholder and shareholder of the Group had issued a letter to the Group and agreed not to demand for repayment of the amounts due from the Group for the next coming twelve months from the date of reporting period and agreed to provide support to the Group for a period up to 31 March 2020 and take measures to enable the Group to have sufficient working capital to meet its liabilities and obligations as and when they fall due and to continue to carry on its business.

In the opinion of the directors, in light of the above plans and measures, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 March 2019. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO 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 issued by the 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 new and amendments to HKFRSs in the current year has had no material effect 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 HKFRSs (Continued)

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

3.1 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 and the relevant 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 accumulated losses (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 the relevant interpretations.

The Group recognises revenue from the following major sources:

- Catering service income (including services provided and food served)

- Membership fee income

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.

The adoption of HKFRS 15 does not have a significant impact on the Group's financial position and results of operation for the period. There is also no material impact to the Group's accumulated losses as at 1 April 2018.

3.2 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 accumulated losses and other components of equity, 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (Continued)

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

3.2 HKFRS 9 Financial Instruments (Continued)

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

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Trade receivables HK$'000	**Accumulated losses** HK$'000
Closing balance at 31 March 2018 — HKAS 39	1,310	(23,150)
Effect arising from initial application of HKFRS 9:		
Remeasurement		
Impairment under ECL model (a)	(226)	(226)
Opening balance at 1 April 2018	**1,084**	**(23,376)**

(a) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, pledged bank deposits and bank balances, are measured on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition. In the opinion of the directors of the Company, the expected credit loss for other financial assets is insignificant as at 1 April 2018.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (Continued)

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

3.2 HKFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

(a) Impairment under ECL model (Continued)

As at 1 April 2018, the additional credit loss allowance of HK$226,000 has been recognised against accumulated losses.

All loss allowances for financial assets including trade receivables as at 31 March 2018 reconcile to the opening loss allowance as at 1 April 2018 is as follows:

	Trade receivables HK$'000
At 31 March 2018 — HKAS 39	–
Amounts remeasured through opening accumulated losses	226
At 1 April 2018	226

3.3 Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 March 2018 (audited) HK$'000	HKFRS 9 HK$'000	**1 April 2018 (restated)** **HK$'000**
Current assets			
Trade receivables	1,310	(226)	**1,084**

3. APPLICATION OF NEW AND AMENDMENTS TO 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 that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainly 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 and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the 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 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 16 Leases (Continued)

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 are presented 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.

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 HK$52,418,000 as disclosed in note 24. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$7,368,000 as rights 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. 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 HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. 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 HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated losses 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 the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values 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.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interest even if this results in non-controlling interests having a deficit balance.

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and 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.

The Group generates revenues from catering service income and membership fee income.

Revenue recognition (prior to 1 April 2018)

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

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

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

Service income is recognised when the services are rendered.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

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

The Group as lessee

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

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

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. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

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

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

Retirement benefits costs

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

Short-term and other long-term employee benefits

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

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

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

Taxation

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Property and equipment

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment (Continued)

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

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

Impairment loss on assets other than financial assets

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

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

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

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

Inventories

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

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

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

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 market place.

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 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; 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.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application /initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

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

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. 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)

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

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognized in profit or loss. All other changes in the carrying amount of these debt instruments are recognized in OCI and accumulated under the heading of investments revaluation reserve. Impairment allowance are recognized in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these debt instruments had been measured at amortised cost. When these debt instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with 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, amounts due from related parties, pledged bank deposits and bank balances. 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 recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(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.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(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:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) 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 therwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with 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, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. 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 and amounts due from customers are each assessed as a separate group. Amounts due from related parties is assessed for expected credit losses on an individual basis);
- 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 financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL (Continued)

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 account.

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

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

Effective interest method

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

Interest income is recognised on an effective interest basis.

Loans and receivables

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

Impairment of loans and receivables (before application of HKFRS 9 on 1 April 2018)

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

Objective evidence of impairment could include:

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of loans and receivables (before application of HKFRS 9 on 1 April 2018) (Continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Classification as debt or equity (Continued)

Financial liabilities (Continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9/HKAS 39 permits the entire combined contract to be designated as at FVTPL.

Upon application of HKFRS 9, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortised cost

The Group's financial liabilities including trade and other payables, amounts due to directors, obligations under finance leases and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

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 UNCERTAINTY

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

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

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

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

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

In determining whether property and equipment are impaired requires an estimation of the recoverable amount of a loss-making restaurant to which the property equipment belong, which is based on the value in use of that loss-making restaurant. The value in use of the property and equipment 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, HK$3,432,000 (2018: nil) impairment was recognised on property and equipment during the years ended 31 March 2019.

Estimation of useful lives of property and equipment

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimation of useful lives and impairment of property and equipment (Continued)

As at 31 March 2019, the carrying amount of property and equipment is HK$38,139,000 (2018: HK$23,092,000).

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 16.

6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	2019 **HK$'000**	2018 HK$'000
Catering service income (including services provided and food served)	**128,434**	115,426
Membership fee income	**734**	716
	129,168	116,142
Timing of revenue recognition		
A point in time	**129,168**	116,142

(ii) Performance obligations for contracts with customers

Revenue from catering service income and membership fee income is recognised when control of the goods and services have been transferred to the customers, being at the point the goods are delivered and the related services are rendered to the customers. Payment of the transaction price is due immediately at the point the Group provides the services and serves the foods to the customers.

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

6. REVENUE AND SEGMENT INFORMATION (Continued)

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

Segment revenue and results

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Pure Veggie House Taipei HK$'000	Man Jiang Hong HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	Segment total HK$'000	Eliminated HK$'000	Consolidated HK$'000
Year ended 31 March 2019									
External revenue	83,000	13,909	3,495	6,850	10,104	11,810	129,168	–	129,168
Inter segment sales	–	–	–	–	–	–	–	–	–
Total	83,000	13,909	3,495	6,850	10,104	11,810	129,168	–	129,168
Segment results	(1,278)	1,442	(88)	(3,504)	(2,853)	(6,361)	(12,642)	–	(12,642)
Other income									230
Other gains and losses									(36)
Finance costs									(855)
Other expenses									(24,102)
Loss before taxation									(37,405)

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

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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

Segment assets and liabilities

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Pure Veggie House Taipei HK$'000	Man Jiang Hong HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	Consolidated HK$'000
As at 31 March 2019							
ASSETS							
Segment assets	21,704	990	8,809	14,382	5,180	875	51,940
Unallocated property and equipment							1,208
Deferred tax assets							235
Unallocated prepayments							493
Tax recoverable							1,256
Pledged bank deposits							8,038
Bank balances and cash							1,875
Consolidated total assets							65,045
LIABILITIES							
Segment liabilities	12,212	1,050	1,326	2,233	1,118	1,166	19,105
Unallocated other payables and accruals							10,613
Bank borrowings							23,005
Obligations under finance leases							209
Unallocated provision							50
Deferred tax liabilities							140
Consolidated total liabilities							53,122

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

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

- all assets are allocated to operating and reportable segments, other than certain property and equipment for corporate use, deferred tax assets, unallocated prepayments, tax recoverable, pledged bank deposits and bank balances and cash.
- all liabilities are allocated to operating and reportable segments, other than bank borrowings, obligations under finance leases, certain unallocated other payables and accruals, unallocated provision and deferred tax liabilities.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Pure Veggie House Taipei HK$'000	Man Jiang Hong HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	Total segment HK$'000	Unallocated HK$'000	Total HK$'000
For the year ended 31 March 2019									
Amounts included in the measure of segment (loss) profit or segment assets:									
Additions of property and equipment	5,177	6	7,308	10,996	133	2,874	26,494	1,276	27,770
Depreciation of property and equipment	3,820	187	279	1,106	2,088	1,525	9,005	82	9,087
Impairment losses on property and equipment recognised in profit or loss	–	–	–	–	49	3,383	3,432	–	3,432
Impairment losses on trade receivables recognised in profit or loss	474	35	–	–	–	–	509	–	509
Loss on disposal of property and equipment recognised in profit or loss	39	–	–	–	–	–	39	36	75

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

6. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The following tables present revenue from external customers for the year and certain non-current assets information as at 31 March 2019, by geographical area.

(a) Revenue from external customers

	2019 **HK$'000**	2018 HK$'000
Hong Kong	**125,673**	116,142
Taiwan	**3,495**	–
	129,168	116,142

The revenue information above is based on the location of goods delivered and services provided for the year.

(b) Non-current assets

	2019 **HK$'000**	2018 HK$'000
Hong Kong	**38,041**	30,682
Taiwan	**6,936**	–
	44,977	30,682

The non-current asset information above is based on the physical locations of the assets and excludes deferred tax assets.

Information about major customers

No individual customer accounted for over 10% of the Group's total revenue during each of the year ended 31 March 2019 and 2018.

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

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

	Director's fee HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Year ended 31 March 2019				
Executive directors				
Mr. Stanley Chuk (note i)	462	–	18	480
Mr. KY Chuk	465	–	15	480
Mr. Johnson Lam	462	–	18	480
Independent non-executive directors				
Ms. Chian Yat Ping	120	–	–	120
Mr. Yew Tak Yun, Paul	120	–	–	120
Mr. Chan Kwok Ki, Stephen	120	–	–	120
Total	1,749	–	51	1,800
Year ended 31 March 2018				
Executive directors				
Mr. Stanley Chuk (note i)	63	–	–	63
Mr. KY Chuk	63	–	–	63
Mr. Johnson Lam	63	209	13	285
Independent non-executive directors				
Ms. Chian Yat Ping	16	–	–	16
Mr. Yew Tak Yun, Paul	16	–	–	16
Mr. Chan Kwok Ki, Stephen	16	–	–	16
Total	237	209	13	459

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

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

Notes:

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

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

(iii) There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 31 March 2019 and 2018.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2018: nil) was director of Company whose emoluments are included in the disclosures above. The emoluments of the remaining four (2018: five) individuals are as follows:

	2019 HK$'000	2018 HK$'000
Salaries and other benefits	**2,513**	2,698
Retirement benefits scheme contributions	**72**	91
	2,585	2,789

Their emoluments are within the following bands:

	2019 Number of employees	2018 Number of employees
Nil to HK$1,000,000	**4**	5

During the years ended 31 March 2019 and 2018, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

8. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
The finance costs represent interest on:		
— Bank borrowings	**845**	638
— Obligations under finance leases	**10**	13
	855	651

9. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Hong Kong Profits Tax:		
Current tax	**–**	1,218
Underprovision in prior year	**21**	4
	21	1,222
Deferred taxation charge (credit) (note 14)	**228**	(44)
	249	1,178

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%.

9. INCOME TAX EXPENSE (Continued)

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

	2019 HK$'000	2018 HK$'000
Loss before taxation	**(37,405)**	(20,716)
Tax at the domestic income tax rate	**(6,172)**	(3,418)
Tax effect of expense not deductible for tax purpose	**1,818**	3,232
Tax effect of income not taxable for the tax purpose	**(6)**	–
Underprovision in prior years	**21**	4
Tax effect of tax losses/deductible temporary differences not recognised	**4,723**	1,436
Utilisation of tax losses previously not recognised	**(135)**	(16)
Others	**–**	(60)
Income tax expense	**249**	1,178

Details of deferred tax are set out in note 14.

10. LOSS FOR THE YEAR

	2019 HK$'000	2018 HK$'000
Loss before taxation has been arrived at after charging:		
Depreciation of property and equipment	**9,087**	5,687
Impairment loss recognised in respect of property and equipment	**3,432**	–
Impairment loss recognised on trade receivables	**509**	–
Auditor's remuneration	**520**	850
Staff costs (including directors' emoluments)		
Salaries and other benefits	**51,119**	39,401
Retirement benefits scheme contributions	**2,293**	1,923
	53,412	41,324
Minimum lease payments under operating leases in respect of:		
— land and buildings	**23,226**	18,857
— catering equipment	**584**	304
	23,810	19,161

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during each of the year ended 31 March 2019 and 31 March 2018, nor has any dividend been proposed since the end of the reporting period.

12. LOSS PER SHARE

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

	2019 **HK$'000**	2018 HK$'000
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the year attributable to owners of the Company)	**37,654**	21,894
	'000	'000
Number of shares:		
Number of shares for the purpose of calculating loss per share	**800,000**	625,753

The number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 March 2018 has been determined on the assumption that the reorganisation and the capitalisation issue as described in note 23 has been effective on 1 April 2017.

No diluted loss per share information has been presented for the year ended 31 March 2019 and 2018 as there were no potential ordinary shares outstanding during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

13. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Catering and other equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
COST					
At 31 March 2017	14,889	3,110	1,798	280	20,077
Additions	12,454	2,876	775	–	16,105
At 31 March 2018	27,343	5,986	2,573	280	36,182
Exchange adjustments	(121)	–	(10)	–	(131)
Additions	24,164	1,718	1,888	–	27,770
Disposals	(2,247)	–	–	–	(2,247)
At 31 March 2019	49,139	7,704	4,451	280	61,574
DEPRECIATION					
At 31 March 2017	4,600	1,489	1,267	47	7,403
Provided for the year	4,585	700	332	70	5,687
At 31 March 2018	9,185	2,189	1,599	117	13,090
Exchange adjustments	(2)	–	–*	–	(2)
Provided for the year	7,656	991	370	70	9,087
Impairment loss recognised in profit or loss	2,683	649	100	–	3,432
Eliminated on disposals	(2,172)	–	–	–	(2,172)
At 31 March 2019	17,350	3,829	2,069	187	23,435
CARRYING VALUES					
At 31 March 2019	31,789	3,875	2,382	93	38,139
At 31 March 2018	18,158	3,797	974	163	23,092

* Less than HK$1,000

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

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

As at 31 March 2019, the aggregate carrying values of catering and other equipment and motor vehicle included an amount of HK$164,000 (2018: HK$163,000) in respect of assets held under finance lease.

14. DEFERRED TAXATION

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

	Accelerated accounting depreciation HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 31 March 2017	279	–	279
Credit (charge) to profit or loss	153	(109)	44
At 31 March 2018	432	(109)	323
Charge to profit or loss	(197)	(31)	(228)
At 31 March 2019	235	(140)	95

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

	2019 HK$'000	2018 HK$'000
Deferred tax assets	**235**	432
Deferred tax liabilities	**(140)**	(109)
Total	**95**	323

The Group has unused estimated tax losses of approximately HK$34,674,000 (2018: HK$13,367,000) and deductible temporary differences of HK$11,578,000 (2018: HK$6,272,000) available for offset against future profits as at 31 March 2019. The deductible temporary difference of HK$1,425,000 (2018: HK$2,618,000) as at 31 March 2019 has been recognised as deferred tax assets. No deferred tax asset has been recognised in respect of the entire unused tax losses and deductible temporary differences of HK$10,153,000 (2018: HK$3,654,000) as at 31 March 2019 due to the unpredictability of future profit. Unused tax losses may be carried forward indefinitely.

15. INVENTORIES

	2019 HK$'000	2018 HK$'000
Food and beverage and other consumables for restaurant operations	**637**	648

16. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Trade receivables	**1,999**	1,310
Rental deposits	**7,368**	6,251
Other deposits	**1,023**	1,469
Prepayments and other receivables	**4,465**	3,248
Total	**14,855**	12,278
Analysed for reporting purposes as:		
Non-current assets	**6,838**	7,590
Current assets	**8,017**	4,688
	14,855	12,278

There was no credit period granted to individual customers for the restaurant operations. The Group's trading terms with its customers are mainly by cash and credit card settlement. The settlement terms of credit card companies are usually 7 days after the service rendered date.

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

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

As at 31 March 2019 and 1 April 2018, trade receivables from contracts with customers amounted to HK$1,999,000 and HK$1,084,000 respectively.

16. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date, which approximated the respective revenue recognition date, at the end of the reporting periods.

	2019 HK$'000	2018 HK$'000
0 to 30 days	1,955	996
31 to 60 days	42	154
61 to 90 days	–	75
Over 90 days	2	85
	1,999	1,310

As at 31 March 2019, included in the Group's trade receivables balance, are debtors with aggregate carrying amount of HK$44,000 which are past due as at the reporting date. Out of the past due balances, HK$44,000 has been past due 30 days or more and is not considered as in default as these balances are mainly due from customers of good credit quality. The Group does not hold any collateral over the balances.

As at 31 March 2018, major debtors comprising the Group's trade receivables that are neither past due nor impaired have no default history and of good credit quality.

As at 31 March 2018, included in the Group's trade receivable balances are debtors with a carrying amount of HK$314,000 which are past due for over 30 days as at 31 March 2018 for which the Group has not provided for impairment loss as these balances are mainly due from customers with good credit.

Aging of trade receivables which are past due but no impaired

	2019 HK$'000	2018 HK$'000
Overdue:		
0 to 30 days	42	154
31 to 60 days	–	75
Over 60 days	2	85
	44	314

16. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Aging of trade receivables which are past due but no impaired (Continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	HK$'000
Balance at 31 March 2018	–
Effect of adoption of HKFRS 9	226
Balance at 1 April 2018	226
Impairment losses recognised	509
Write-offs	(735)
Balance at 31 March 2019	–

As at 31 March 2019 and 31 March 2018, other receivables of the Group are neither past due nor impaired and they have no default history and there are continuous subsequent settlements.

Included in rental deposits of HK$600,000 (2018: HK$600,000) represented the deposits made to Charm Region Limited, a company wholly owned by Mr. KY Chuk and Mr. Steve Chuk, for the lease of a restaurant as at 31 March 2019.

Details of impairment assessment of trade and other receivables for the year ended 31 March 2019 are set out in note 27.

17. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

As at 31 March 2019, pledged bank deposits held by the Group amounted to HK$8,038,000 (2018: nil) represent fixed deposits pledged to bank as securities of bank borrowings amounted to HK$7,425,000 (2018: nil), which are classified as current assets. The pledged bank deposits carry interest at prevailing market rate of 2.23% (2018: nil) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

As at 31 March 2019, bank balances and cash carry interest at prevailing market rate of 0.01% (2018: 0.01% to 1.20%) per annum.

The Group's bank balances and cash that were denominated in New Taiwan dollars ("NT$") of the relevant group entities were re-translated in HK$ and stated for reporting purposes as:

	2019 **HK$'000**	2018 HK$'000
— NT$	**864**	–

18. TRADE AND OTHER PAYABLES AND ACCRUALS

	2019 HK$'000	2018 HK$'000
Trade payables	5,149	3,526
Salaries payables	5,330	4,073
Accruals and other payables	7,670	4,435
Payables for purchases of property and equipment	2,587	1,675
Payables for professional fees for the purpose of listing expenses	–	2,585
	20,736	16,294

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

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
0–30 days	3,180	2,563
31–60 days	1,412	829
61–90 days	300	109
Over 90 days	257	25
	5,149	3,526

19. AMOUNTS DUE FROM RELATED PARTIES

Amounts due from related parties/former related parties

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

Name of related parties	Balance at 31 March 2019 HK$'000	Balance at 31 March 2018 HK$'000	Maximum amount outstanding during the year ended 31 March 2019 HK$'000	Maximum amount outstanding during the year ended 31 March 2018 HK$'000
Mr. Stanley Chuk	–	–	–	9,635
Mr. Steve Chuk	1	–	1	1
Mr. KY Chuk	–	–	–	9,670
TSGL (note i)	–	–	–	203
Bright Link Limited ("Bright Link") (note i)	–	–	–	3,080
Healthlase Medical Laser Skin Care Limited ("Healthlase") (note ii)	–	–	–	222
Digit Future Development Limited ("Digit Future") (note ii)	–	–	–	216
Darnassus Limited ("Darnassus") (note iii)	9	–	9	–
	10	–		

Notes:

(i) TSGL and Bright Link are former related companies of Great Planner Limited ("Great Planner") and Sky Honour Limited ("Sky Honour"), which Mr. Stanley Chuk had 65% controlling interests of TSGL and Bright Link before 30 June 2016. Mr. Stanley Chuk disposed his 65% equity interests of TSGL and Bright Link to Mr. Tang Sung Kwong ("Mr. Tang") on 30 June 2016. Accordingly, TSGL and Bright Link were no longer related companies of the Group since then.

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

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

As at 31 March 2019, the amounts due from related parties of HK$10,000 were trade in nature, the Group did not grant any credit period to these related parties. The following is an aged analysis of trade nature amounts due from related parties as at 31 March 2019 presented based on the invoice date.

	2019 HK$'000
31 to 60 days	1
61 to 90 days	7
Over 90 days	2
	10

19. AMOUNTS DUE FROM RELATED PARTIES (Continued)

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

The entire trade nature amounts due from related parties were past due as at 31 March 2019 which the Group had not provided for impairment loss, as there had not been a significant change in credit quality and the amounts were still considered recoverable based on the historical experience. The Group did not hold any collateral over these balances.

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

Amounts due to directors

Details of amounts due to directors as at 31 March 2019 are stated as follows:

	HK$'000
Mr. Stanley Chuk	7,895
Mr. KY Chuk	167
	8,062

The amounts due to directors were non-trade, unsecured and interest free as at 31 March 2019.

20. BANK BORROWINGS

	2019 HK$'000	2018 HK$'000
Bank overdrafts	2,155	–
Bank loans	20,850	21,740
	23,005	21,740

	2019 HK$'000	2018 HK$'000
Carrying amount (shown under current liabilities) that contains a repayment on demand clause based on scheduled repayment terms:		
— Within one year	23,005	21,740
	23,005	21,740

The bank loans are at floating rate which carry interest at HK$ Best Lending Rate plus or minus a spread or Hong Kong Interbank Offered Rate ("HIBOR") plus 2.5%. The effective interest rate on the Group's bank loans ranged from 3.38% to 5.13% and 2.00% to 5.50% per annum as at 31 March 2019 and 2018, respectively.

Bank overdrafts carry interest at market rates which range from 4.38% to 6.38% per annum as at 31 March 2019.

As at 31 March 2019, bank borrowings of HK$7,425,000 are secured by the pledged bank deposits.

Bank borrowings of HK$15,580,000 and HK$21,740,000 are unsecured and guaranteed by a group entity as at 31 March 2019 and 2018, respectively.

20. BANK BORROWINGS (Continued)

The Group's borrowings that were denominated in NT$ of the relevant group entities were re-translated in HK$ and stated for reporting purposes as:

	2019 HK$'000	2018 HK$'000
— NT$	1,525	–

21. OBLIGATIONS UNDER FINANCE LEASES

	2019 HK$'000	2018 HK$'000
Analysed for reporting purpose as:		
Current liabilities	80	53
Non-current liabilities	129	140
	209	193

The Group has leased certain catering and other equipment and motor vehicle under finance lease. The lease terms ranged from three to five years (2018: five years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 1.49% to 3.00% (2018: 3.00%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Amount payable under finance lease within one year	88	62	80	53
Within a period of more than one year but not exceeding two years	88	62	84	56
Within a period of more than two years but not exceeding five years	45	88	45	84
	221	212	209	193
Less: Future finance charges	(12)	(19)	–	–
Present value of lease obligation	209	193	209	193
Less: Amount due for settlement within one year (shown under current liabilities)			(80)	(53)
Amount due for settlement after one year			129	140

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

21. OBLIGATIONS UNDER FINANCE LEASES (Continued)

Finance lease obligations that are denominated in currency other than the functional currency of the relevant group entity is set out below:

	2019 **HK$'000**	2018 HK$'000
NT$	**68**	–

22. PROVISION

	Reinstatement provision HK$'000
At 1 April 2017	460
Provision recognised	500
At 31 March 2018	960
Provision recognised	10
At 31 March 2019	970

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

23. SHARE CAPITAL

The share capital as at 31 March 2018 and 2019 represented the share capital of the Company with the details as follows:

	Number of shares	Amount HK$	HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 April 2017	38,000,000	380,000	380
Increase in authorised share capital (note i)	1,962,000,000	19,620,000	19,620
At 31 March 2018 and 2019	2,000,000,000	20,000,000	20,000
Issued and fully paid:			
At 1 April 2017	10,000	100	–
Capitalisation issue (note ii)	599,990,000	5,999,900	6,000
Issue of shares (note iii)	200,000,000	2,000,000	2,000
At 31 March 2018 and 2019	800,000,000	8,000,000	8,000

Notes:

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

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

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

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

24. OPERATING LEASE COMMITMENTS

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

	2019 HK$'000	2018 HK$'000
Within one year	**21,646**	17,129
In the second to fifth year inclusive	**30,772**	25,192
	52,418	42,321

Included in the total operating lease commitment of the Group in respect of the rental of premise with Charm Region Limited ("Charm Region") amounted to HK$2,750,000 (2018: HK$5,200,000) as at 31 March 2019.

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

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

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

25. RETIREMENT BENEFITS SCHEMES

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

The Taiwan defined contribution scheme was established under trust with the assets of the funds held separately from those of the Group by independent trustees. Under the Taiwan defined contribution scheme, the rate of contribution by an employer should not be less than 6% of the employees' monthly salaries and the employees may also voluntarily contribute up to 6% of the monthly salaries to the provision fund account under the Labor Pension Act of Taiwan.

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

The contributions paid and payable to the schemes by the Group are disclosed in note 10.

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 owners through the optimisation of the debt and equity balance.

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

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

27. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2019 **HK$'000**	2018 HK$'000
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**13,610**	54,942
Financial liabilities		
Amortised cost	**44,503**	32,490

Financial risk management objectives and policies

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

Currency risk

The Group's exposure to foreign currency risk is arising mainly from the bank balances and bank borrowings of the Taiwan operating subsidiary which is denominated in foreign currency of the relevant group entities. Except for the bank balances and bank borrowings denominated in foreign currency of the relevant group entities, the group entities did not have any other monetary assets or liabilities denominated in foreign currency as at the end of the reporting period.

27. FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments (Continued)

Currency risk (Continued)

The carrying amounts of the bank balances and bank borrowings of the Taiwan operating subsidiary that are denominated in foreign currency of group entities, representing NT$, as at 31 March 2019 is HK$864,000 (2018: nil) and HK$1,525,000 (2018: nil) respectively.

The Group currently does not have a foreign currency hedging policy but the directors of the Company monitor foreign exchange exposure by closely monitoring the foreign exchange risk profile by way of arrangement of foreign currency forward contracts and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

This sensitivity analysis details the Group's sensitivity to a 5% appreciation and depreciation in the relevant foreign currency (NT$) against functional currency, HK$ or NT$ 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year end for a 5% change in foreign currency rate. A positive number below indicates a decrease in loss for the year and a negative number below indicates an increase in loss for the year where the relevant foreign currency fluctuate 5% against HK$.

	2019 **HK$'000**	2018 HK$'000
HK$ impact		
— HK$ strengthens against NT$ by 5%	**33**	–
— HK$ weakens against NT$ by 5%	**(33)**	–

Interest rate risk

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

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

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Interest rate risk (Continued)

Sensitivity analysis

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

If interest rates have been 50 basis points higher/lower for variable-rate bank borrowings and all other variables were held constant, the Group's loss for the year ended 31 March 2019 would increase/decrease by HK$115,000 (2018: loss for the year increase/decrease HK$91,000).

Credit risk and impairment assessment

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

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

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

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

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

Under HKAS 39, provisions for impairment losses are made for irrecoverable amounts. Upon the application of HKFRS 9 on 1 April 2018, the Group recognises lifetime ECL as prescribed by HKFRS 9 under simplified approach on trade receivables; and recognises 12-month ECL on other receivables. To measure the ECL of trade receivables, they are assessed collectively using provision matrix based on shared characteristics including historical credit loss experience, industry specific factors to the debtors, general economic conditions and the available and supportive forward-looking information, including time value of money where appropriate. To measure the ECL of other receivables, they are assessed individually on the recoverability based on historical settlement records, past experience, and also the available and supportive forward-looking information.

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of trade and other receivables.

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

Internal credit rating	Description	Trade receivables	Other financial assets/other items
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	Amounts is written off	Amounts is written off

As at 31 March 2019, for trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL and determined that the trade receivables is not credit impairment. For other financial assets, the Group measures the loss allowance at 12-month ECL.

Liquidity risk

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

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

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

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

	Weighted average effective interest rate %	Repayable on demand HK$'000	Within 3 months HK$'000	3 months to 1 year HK$'000	1–5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2019							
Non-derivative financial liabilities							
Trade and other payables	N/A	–	13,227	–	–	13,227	13,227
Amounts due to directors	N/A	–	–	–	8,062	8,062	8,062
Bank borrowings	3.98	24,065	–	–	–	24,065	23,005
Obligations under finance leases	2.51	–	22	66	133	221	209
		24,065	13,249	66	8,195	45,575	44,503

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

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the "Repayable on demand" time band in the above maturity analysis. As at 31 March 2019, the aggregate carrying amount of these bank borrowings was approximately HK$23,005,000 (2018: HK$21,740,000). Taking into account the Group's financial position, management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

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

	Weighted Average effective interest rate	Within 3 months	3 months to 1 year	1–5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Bank borrowings:							
As at 31 March 2019	3.98	15,939	1,057	3,884	3,185	24,065	23,005
As at 31 March 2018	2.77	12,309	9,595	–	–	21,904	21,740

Fair value

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

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

28. RELATED PARTY TRANSACTIONS

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

	2019 HK$'000	2018 HK$'000
Catering income from:		
— Darnassus	5	–
— Mr. Stanley Chuk	210	251
— Mr. KY Chuk	33	151
— Mr. Steve Chuk	2	–
	250	402
Advertising fee paid/payable to Darnassus	63	84
Parking fee paid/payable to Darnassus	344	705
Rental expenses paid/payable to Charm Region	2,450	2,200

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

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

Compensation of key management personnel

The remuneration of executive directors and other members of key management during the years ended 31 March 2019 and 2018 were as follows:

	2019 HK$'000	2018 HK$'000
Short-term benefits	2,346	1,234
Post-employment benefits	69	46
	2,415	1,280

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amounts due to directors	Amounts due to related parties	Bank borrowings	Obligation under finance lease	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2017	–	571	18,857	242	19,670
Financing cash flows (note)	–	(571)	2,245	(62)	1,612
Finance costs recognised	–	–	638	13	651
At 31 March 2018	–	–	21,740	193	21,933
Financing cash flows (note)	8,062	–	420	(69)	8,413
Finance cost recognised	–	–	845	10	855
Purchase of property and equipment through finance lease	–	–	–	75	75
At 31 March 2019	8,062	–	23,005	209	31,276

Note: The financing cash flows represented the net amount of proceeds from bank borrowings, payment of finance costs, advance from directors, repayment to related parties, bank borrowings and obligations under finance leases.

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

	2019 HK$'000	2018 HK$'000
Non-current asset		
Investment in a subsidiary	–*	–*
Current assets		
Other receivables and prepayments	231	2,689
Amounts due from subsidiaries	43,789	2,773
Bank balances and cash	28	46,926
	44,048	52,388
Current liabilities		
Other payables and accrued charges	530	2,703
Net current assets	43,518	49,685
Net assets	43,518	49,685
Capital reserves		
Share capital	8,000	8,000
Reserves (note)	35,518	41,685
Equity attributable to owners of the Company	43,518	49,685

* Less than HK$1,000

Note:

Reserves

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017	8,072	–	8,072
Loss and comprehensive expense for the year	–	(18,619)	(18,619)
Issue of shares (note 23)	68,000	–	68,000
Capitalisation issue (note 23)	(6,000)	–	(6,000)
Transaction costs directly attributable to issue of shares	(9,768)	–	(9,768)
At 1 April 2018	60,304	(18,619)	41,685
Loss and comprehensive expense for the year	–	(6,167)	(6,167)
At 31 March 2019	60,304	(24,786)	35,518

31. PARTICULARS OF SUBSIDIARIES

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

Name of subsidiary	Place of establishment	Place of operation	Issued and full paid share capital	Attributable equity interest of the Group as at 31 March 2019	2018	Principal activities
Everbloom Group Limited	BVI	Hong Kong	United States Dollar ("USD")1	**100%**	100%	Investment holdings
Good Step Limited	Hong Kong	Hong Kong	HK$2	**100%**	100%	Restaurant operation
Great Planner	Hong Kong	Hong Kong	HK$1,000,000	**100%**	100%	Restaurant operation
Ironforge Group Limited	BVI	Hong Kong	USD1	**100%**	100%	Investment holding
Leading Win Limited	Hong Kong	Hong Kong	HK$500,000	**100%**	100%	Restaurant operation
Legion Holdings Group Limited	BVI	Hong Kong	USD1	**100%**	100%	Investment holding
Sky Honour	Hong Kong	Hong Kong	HK$1,500,000	**100%**	100%	Restaurant operation
Skyreach Investment Holdings Limited ("Skyreach")	BVI	Hong Kong	USD1	**100%**	100%	Investment holding
Stormwind Limited	Hong Kong	Hong Kong	HK$10,000	**100%**	100%	Provision of management services to group companies
Dalaran Group Limited	BVI	Taiwan	USD1	**100%**	–	Restaurant operation
Stormheim Group Limited	BVI	Hong Kong	USD1	**100%**	–	Investment holding
Higher Top Limited	Hong Kong	Hong Kong	HK$1	**100%**	–	Restaurant operation

31. PARTICULARS OF SUBSIDIARIES (Continued)

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

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

None of the subsidiaries had issued any debt securities at 31 March 2019 and 2018 or at any time during both years.

32. EVENT AFTER THE REPORTING PERIOD

On 22 May 2019, the Company and the placing agent entered into a placing agreement for the placees to subscribe for the Bonds in an aggregate principal amount of HK$30,000,000 at 10% interest per annum within the six months placing period. Up to the date of this report, HK$2,000,000 has been successfully subscribed by the bond investors.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 March 2019 and up to the date of this report.

FINANCIAL SUMMARY

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

	For the year ended 31 March		
	2017	2018	**2019**
	HK$'000	HK$'000	**HK$'000**
RESULTS			
Revenue	79,951	116,142	**129,168**
Profit (loss) before taxation	10,464	(20,716)	**(37,405)**
Income tax expense	(2,131)	(1,178)	**(249)**
Profit (loss) for the year	8,333	(21,894)	**(37,654)**
Attributable to:			
Owners of the Company	7,406	(21,894)	**(37,654)**
Non-controlling interests	927	–	**–**
	8,333	(21,894)	**(37,654)**
	HK cents	HK cents	**HK cents**
Earnings (loss) per share			
Basic	1.50	(3.50)	**(4.71)**

	As at 31 March		
	2017	2018	**2019**
	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES			
Total assets	40,244	89,136	**65,045**
Total liabilities	(28,742)	(39,296)	**(53,122)**
	11,502	49,840	**11,923**
Equity attributable to owners of the Company	11,502	49,840	**11,923**