皇璽餐飲集團控股有限公司
ROYAL CATERING Group Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8300

ANNUAL REPORT

2020/21

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ROYAL CATERING GROUP HOLDINGS COMPANY LIMITED

ANNUAL REPORT

2020/21

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Man Wai *(Chairman and Chief Executive Officer)*
Mr. Chan Chak To Raymond
Ms. Lam Wai Kwan

Independent non-executive Directors

Mr. Ma Yiu Ho Peter
Mr. Cai Chun Fai
Mr. Ng Sai Cheong

COMPLIANCE OFFICER

Mr. Wong Man Wai

AUTHORISED REPRESENTATIVES

Mr. Wong Man Wai
Mr. Ng Shing Kin

COMPANY SECRETARY

Mr. Ng Shing Kin *(HKICPA)*

AUDIT COMMITTEE MEMBERS

Mr. Ma Yiu Ho Peter *(Chairman)*
Mr. Cai Chun Fai
Mr. Ng Sai Cheong

REMUNERATION COMMITTEE MEMBERS

Mr. Cai Chun Fai *(Chairman)*
Mr. Wong Man Wai
Mr. Ng Sai Cheong

NOMINATION COMMITTEE MEMBERS

Mr. Wong Man Wai *(Chairman)*
Mr. Cai Chun Fai
Mr. Ng Sai Cheong

INVESTMENT COMMITTEE MEMBERS

Mr. Wong Man Wai *(Chairman)*
Ms. Lam Wai Kwan
Mr. Ng Shing Kin

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

LEGAL ADVISER TO THE COMPANY

CFN Lawyers

PRINCIPAL BANKERS

Nanyang Commercial Bank, Ltd.
151 Des Voeux Road Central, Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower, 1 Garden Road
Hong Kong

Chong Hing Bank Limited
Ground Floor, Chong Hing Bank Centre
24 Des Voeux Road Central, Hong Kong

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

Unit 1201, 12/F,
Great Smart Tower,
230 Wan Chai Road,
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard, Cricket Square
P.O. Box 902, Grand Cayman, KY1-1103,
Cayman Islands

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

COMPANY WEBSITE

www.hkrcg.com

GEM STOCK CODE

8300

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors of the Company, I am pleased to announce the annual report of the Group for the year ended 31 March 2021.

We are a large food and beverage group in Hong Kong operating casual dining restaurants under a portfolio of brands in Hong Kong. Up until now, we are operating five restaurants under the brands of "*Du Hsiao Yueh Restaurant (度小月)*", "*Hanlin Tea Room/Hut (翰林茶館/棧)*" and "*Da Shia Taiwan (大呷台灣)*" in the urban area of Hong Kong.

We have a long history of catering business in Hong Kong. We opened our first self-owned brand restaurant "*Taiwan Beef Noodle (台灣牛肉麵)*" in Kowloon City in 1993. Eyeing the potential of the catering business at the Hong Kong International Airport ("**HKIA**"), we operated first restaurant under the brand "*Taiwan Beef Noodle (台灣牛肉麵)*" in 2005 and have expanding our self-owned brand restaurant network at the HKIA since then, including the self-owned brand restaurants "*Nosh Café & Bar*" and "*Macao Harbour (阿瑪港澳門餐廳)*" in 2007, "*Chinese Kitchen (中國廚房)*" in 2014 and "*Coffee Express*" in 2015, offering quality casual dining experience to customers who are looking for quality food in a quick and convenient manner at the HKIA. In 2019, we have launched a new self-owned restaurant "*Da Shia Taiwan (大呷台灣)*" in Central, serving mainly Taiwanese delicacies to the local community.

On the other hand, we have obtained the franchising rights in Hong Kong of two famous catering brands, including "*Du Hsiao Yueh Restaurant (度小月)*", which is a household name of Taiwanese cuisine and "*Hanlin Tea Room/Hut (翰林茶館/棧)*", which is a famous Taiwanese-style tea restaurant.

The year ended 31 March 2021 has been a difficult year for us. Our Group was affected by the outbreak of COVID-19 (the "**Pandemic**") since January 2020. In response to the unfavorable and uncertain economic situation in Hong Kong, in particular the catering industry, and to overcome the adverse situation, we will take conservative and prudent business strategies in order to support daily business operations and to cope with the economic uncertainty in the near future, as well as seeking opportunities to strengthen our position in operating restaurants in Hong Kong and continue to look for suitable opportunities to introduce popular restaurant brands and expand our business at both the HKIA and the urban area of Hong Kong. We are of the view that strengthening the existing brand portfolio of restaurant operations and broadening our scope of food & beverage business operation are in the interest and benefit of the Company and its shareholders (the "**Shareholders**") as a whole.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our valued customers, business partners, and Shareholders for their persistent support, and express my appreciation to the management team and employees for their valuable contribution to the development of the Group. Finally, I would like to express my sincere appreciation to the officers of the Stock Exchange for their guidance.

Wong Man Wai
Chairman

Hong Kong, 24 June 2021

FINANCIAL HIGHLIGHTS

CONSOLIDATED RESULTS

	For the year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Revenue	**42,707**	68,837
Loss before tax	**(5,161)**	(66,867)
Loss and total comprehensive loss for the year attributable to owners of the Company	**(4,098)**	(65,476)

ASSETS AND LIABILITIES

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Assets		
Non-current assets	**38,231**	50,742
Current assets	**51,691**	48,853
Total assets	**89,922**	99,595
Equity and liabilities		
Total equity	**53,225**	58,100
Non-current liability	**913**	9,922
Current liabilities	**35,784**	31,573
Total liabilities	**36,697**	41,495
Total equity and liabilities	**89,922**	99,595
Net current assets	**15,907**	17,280
Total assets less current liabilities	**54,138**	68,022

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Economic growth in Hong Kong

The Hong Kong economy recovered visibly in the first quarter of 2021, with real GDP resuming appreciable year-on-year growth of 7.9%, led by very strong growth of exports of goods. Yet the economic recovery was uneven and overall economic activity remained below the pre-recession level, as the pandemic, social distancing requirements and travel restrictions continued to weigh on certain economic segments. Looking ahead, the more benign global economic conditions should continue to bode well for Hong Kong's external segments in the near term, though international travel and inbound tourism will likely take time to recover.

BUSINESS REVIEW

We are a food and beverage group in Hong Kong operating casual dining restaurants under a portfolio of brands both at the HKIA and in the urban area of Hong Kong.

During the year ended 31 March 2020 and 2021, we had the following restaurants:

Brand name	Location	Self-owned/ franchised brand	Operations during the year ended 31 March		Proportion of ownership interest of the restaurants held by the Group as at 31 March	
			2021	2020	**2021**	2020
Chinese Kitchen (中國廚房)	HKIA	Self-owned	***Note 1***	*Note 1*	**100%**	100%
Dashia Tainan (大呷台灣)	Central	Self-owned	**✔**	✓	**100%**	100%
Du Hsiao Yueh Restaurant (度小月)	Harbour City, Tsim Sha Tsui	Franchised	**✔**	✓	**100%**	90%
Du Hsiao Yueh Restaurant (度小月)	Times Square, Causeway Bay	Franchised	**✔**	✓	**100%**	90%
Du Hsiao Yueh Restaurant (度小月)	V Walk, Nam Cheong	Franchised	**✔**	✓	**100%**	90%
Hanlin Tea Room/Hut (翰林茶館/棧)	Harbour City, Tsim Sha Tsui	Franchised	**✔**	✓	**100%**	100%

Notes:

1. "*Chinese Kitchen (中國廚房)*" at the HKIA was temporarily closed from 10 February 2020 until further notice of reopening, further details of which are set out in the Company's announcement dated 7 February 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's operations, financial performance and condition were affected by the pandemic during the year ended 31 March 2021. The financial performance of the Group was worsened by the pandemic. The pandemic severely diminished the demand for dining and catering and in response to the pandemic, the Hong Kong government imposed the social distancing and emergency health measures, the service capability of the restaurants operated by the Group was reduced and the number of customers visiting the Group's restaurants has decreased. Under the effect brought by the pandemic, the Group's revenue and operating cash flows worsened during the year ended 31 March 2021. As at the date of this annual report, the future development of the pandemic is not certain. In response to the uncertainty in the Hong Kong economy and in particular the catering industry, the Group will take conservative and prudent business strategies in order to support daily business operations and to cope with the economic uncertainty in the near future, as well as seeking opportunities to strengthen our position in operating restaurants at the HKIA whilst continuing to look for suitable opportunities to expand our business in the urban area of Hong Kong.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 37.9% from approximately HK$68.8 million for the year ended 31 March 2020 to approximately HK$42.7 million for the year ended 31 March 2021. The decrease in revenue was mainly attributable to the negative impacts of the pandemic to our existing restaurants.

Cost of inventories sold

Cost of inventories sold primarily consists of the cost of all the food and beverages used in restaurant operations. The cost of inventories sold of the Group decreased by approximately 36.0% from approximately HK$13.9 million for the year ended 31 March 2020 to approximately HK$8.9 million for the year ended 31 March 2021. The decrease in cost of inventories sold was mainly attributable to the decrease in revenue during the year.

Gross profit and gross profit margin

The Group's gross profit, which is equal to revenue minus cost of inventories sold, for the year ended 31 March 2021 was approximately HK$33.8 million, representing a decrease of approximately 38.4% from approximately HK$54.9 million for the year ended 31 March 2020. The decrease in gross profit was mainly attributable to the decrease in revenue during the year.

The gross profit margin for the Group's restaurants operating were 79.8% and 79.2% for the year ended 31 March 2020 and 2021, respectively.

The relatively high and stable gross profit margin for the restaurants operating for the year ended 31 March 2020 and 2021 were attributable to the centralisation of purchases in bulk orders and the discounts through the centralised warehouse services from a services provider to the Group.

Other revenue and other income

	For the year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Interest income	**7**	325
Dividend income	**–**	405
Government grant	**6,208**	200
Sundry income	**839**	928
Tips income	**–**	76
Net foreign exchange gain	**–**	62
Gain on disposal of trademark	**–**	1,215
Covid-19-related rental concession	**6,169**	2,300
Total	**13,223**	5,511

Other revenue and other income primarily consist of interest income, government grant, sundry income and Covid-19-related rental concession. The other revenue and other income of the Group increased by approximately 140.0% from approximately HK$5.5 million for the year ended 31 March 2020 to approximately HK$13.2 million for the year ended 31 March 2021. The increase in other revenue and other income was mainly attributable to the government subsidies and Covid-19-related rental concession for the year ended 31 March 2021.

Staff costs and employees

Staff costs primarily consist of salaries, wages and allowances, pension costs and other employee benefits. The staff costs of the Group decreased by approximately 39.2% from approximately HK$33.7 million for the year ended 31 March 2020 to approximately HK$20.5 million for the year ended 31 March 2021. As at 31 March 2021, the Group had 99 employees (as at 31 March 2020: 98 employees). The decrease in staff costs was mainly due to decrease in revenue during the year ended 31 March 2021 comparing to the same period of 2020, which was mainly because of the negative impacts of the pandemic.

Depreciation

Our depreciation expenses mainly included the depreciation of right-of-use assets, building, leasehold improvements and catering and other equipment amounted to approximately HK$4.7 million, representing a decrease of approximately 80.4% from approximately HK$24.0 million for the year ended 31 March 2020. The decrease in depreciation was mainly attributable to the impairment loss recognised in respect of property, plant and equipment for the year ended 31 March 2021, which was mainly because of the negative impacts of the pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

Property rentals and related expenses

The property rentals and related expenses for the year ended 31 March 2021 amounted to approximately HK$1.8 million, representing a decrease of approximately 62.5% from approximately HK$4.8 million for the year ended 31 March 2020. The decrease in property rentals and related expenses was mainly due to the negative impacts of the pandemic.

Fuel and utility expenses

Fuel and utility expenses primarily consist of fuel expenses, electricity expenses and water supplies of the Group. The fuel and utility expenses of the Group decreased by approximately 37.0% from approximately HK$2.7 million for the year ended 31 March 2020 to approximately HK$1.7 million for the year ended 31 March 2021. The decrease in fuel and utility expenses was mainly attributable to the decrease in revenue mainly because of the negative impacts of the pandemic.

Administrative expenses

The administrative expenses mainly represent expenses incurred for our operations, including cleaning expenses, consumables stores, transportation and travelling, credit card commission, entertainment, repair and maintenance, insurance, legal and professional fees and marketing and promotion expenses.

Administrative expenses decreased from approximately HK$28.3 million for the year ended 31 March 2020 to approximately HK$16.1 million for the year ended 31 March 2021, representing a decrease of approximately 43.1%, which was mainly due to the decrease in certain administration items, including travelling expenses, transportation and legal and professional expenses during the period.

Income tax credit/(expenses)

The income tax credit for the year ended 31 March 2021 amounted to approximately HK$1.7 million, compared with the income tax expenses of approximately HK$1.0 million for the year ended 31 March 2020. The income tax credit during the period was mainly due to the reversal of the over-provision of income tax expense recognised in priors years.

Finance costs

The Group's finance costs decrease from approximately HK$1.9 million for the year ended 31 March 2020 to approximately HK$0.9 million for the year ended 31 March 2021. The decrease in finance costs was mainly due to the decrease in lease liabilities during the year.

Loss

The Group recorded a loss of approximately HK$3.5 million for the year ended 31 March 2021 as compared to a loss of approximately HK$67.9 million for the corresponding period in 2020. The decrease in loss was mainly due to the decrease in (i) staff costs, (ii) depreciation expenses, (iii) impairment loss recogised in respect of property, plant and equipment, right-of-use assets and intangible assets and (iv) increase in the government subsidies granted from Hong Kong government and Covid-19-related rental concession during the period. The effect was partially offset by significant drop in revenue of the Group, which is mainly due to the negative impacts of the pandemic during the period.

Use of net proceeds from the listing

The net proceeds from the listing, after deducting the actual underwriting fees and expenses paid by the Company in connection thereto, were approximately HK$41.3 million. The intended use of proceeds was set out in the prospectus of the Company dated 1 August 2016 (the "**Prospectus**") and has been subsequently amended as summarised in the announcements of the Company dated 9 April 2018, 9 October 2018 and 24 June 2020 (the "**Announcements**"). The amount of unutilised proceeds from the listing for the intended use of proceeds as at 30 June 2020 and actual use of proceeds from the listing from 1 July 2020 to 31 March 2021 are set forth below:

Intended use	Amount of unutilized proceeds from the listing as at 30 June 2020 HK$'000	Actual use of proceeds from 1 July 2020 to 31 March 2021 HK$'000
Staff costs in respect of restaurants' staff	12,797	8,999
Property rentals and related expenses	1,613	1,613
Total	14,410	10,612

For further details in relation to use of net proceeds from the Listing, please refer to the Prospectus and the Announcements. The Group originally plans to utilise the unutilised proceeds from the listing by 31 March 2021. However, due to continuous negative effects arising from the pandemic, there has been decrease in revenue of the Group's restaurants during the year ended 31 March 2021, and thus, decrease in staff costs and property rentals during the same year. The unutilised proceeds from the listing could not be fully utilised during the year ended 31 March 2021. The Group intends to utilise the unutilised proceeds from the listing as soon as practicable by 31 March 2022. All the unutilised balances have been placed in licensed banks in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of net proceeds from issue of Shares

Apart from the net proceeds from the Listing, the Company raised funds from the following issue of ordinary shares of the Company ("**Shares**"):

1. On 13 March 2017, the Company placed an aggregate of 202,800,000 new ordinary Shares to not less than six placees, who were independent third parties at the placing price of HK$0.15 per share (the "**First Placing**"). The net proceeds from the First Placing, after deducting the placing agent commission and other expenses incurred for the First Placing, amounted to approximately HK$29.84 million. The net price per First Placing Share was approximately HK$0.147 and the closing price on the date of the First Placing agreement was HK$0.121 per Share.

2. On 5 January 2018, the Company placed 440,560,000 new ordinary Shares to not less than six placees, who were independent third parties at the placing price of HK$0.105 per share (the "**Second Placing**"). The net proceeds from the Second Placing, after deducting the placing agent commission and other expenses incurred for the Second Placing, amounted to approximately HK$45.2 million. The net price per Second Placing Share was approximately HK$0.103 and the closing price on the date of the Second Placing agreement was HK$0.101 per Share.

As disclosed in the Company's announcement dated 24 June 2020, the intended use of unutilised proceeds from the First Placing and the Second Placing (the "**Placings Proceeds**") was adjusted. The amount of unutilised Placings Proceeds for the intended use as at 30 June 2020 and the actual use of the Placings Proceeds from 1 July 2020 to 31 March 2021 are set forth below:

Intended use	Amount of unutilized Placings Proceeds as at 30 June 2020 HK$'000	Actual use of Placings Proceeds from 1 July 2020 to 31 March 2021 HK$'000
Acquiring a property in the urban area of Hong Kong to operate a new restaurant by the Group	37,500	–
Property rentals and related expenses	5,710	5,710
Other operating expenses of restaurants	21,580	8,331
Total	64,790	14,041

The Group originally plans to utilise the unutilised Placings Proceeds by 31 March 2021. However, due to continuous negative effects arising from the pandemic, there has been decrease in revenue of the Group's restaurants during the year ended 31 March 2021, and thus, decrease in property rentals and other operating expenses of restaurants during the same year. In addition, in view of the pandemic situation, the Directors consider that the year 2021 was not a good timing to acquire a property for operation of restaurant. Accordingly, the unutilised Placings Proceeds could not be fully utilised during the year ended 31 March 2021. The Group intends to utilise the unutilised Placings Proceeds as soon as practicable by 31 March 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

The following 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. The Group's revenue derived from restaurants in Hong Kong may experience fluctuations from period to period due to seasonality and other factors.

2. All of the Group's revenue was derived from the restaurants in urban area in Hong Kong during the period under review, therefore the Group's operation may be affected by any future development in urban area of Hong Kong.

3. During the year ended 31 March 2021, the Group generated all of our revenue in Hong Kong. If Hong Kong experiences any adverse economic condition due to events beyond our control, such as natural disasters, contagious disease outbreaks, terrorist attacks, a local economic downturn, mass civil disobedience movements or if the local authorities place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected. Recently, the Group's revenue decreased due to (i) the outbreak of the pandemic; and (ii) the recent social unrest in Hong Kong arising from the protests.

Cost of inventories sold, staff costs and property rentals and related expenses contributed the majority of the Group's operating cost. The following factors are uncertain and may affect the cost control measures of our Group:

1. The Group's business depends on reliable sources of large quantities of food ingredients such as vegetable and meat. The price of food ingredients may continue to rise or fluctuate.

2. 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.

3. As at 31 March 2021, the Group licensed or leased all the properties for its restaurants operating at the HKIA and in the urban area of Hong Kong. Therefore, the Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this report, the Group did not have other plans for material investments and capital assets at 31 March 2021.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

There has been no material change in the capital structure of the Company since 31 March 2021.

Cash position

As at 31 March 2021, the cash and cash equivalents of the Group amounted to approximately HK$44.9 million (as at 31 March 2020: approximately HK$39.5 million), which were mainly denominated in Hong Kong dollar, representing an increase of approximately 13.7% as compared to that as at 31 March 2020. The increase was mainly resulted from increase in bank borrowings during the year ended 31 March 2021.

Borrowing

As at 31 March 2021, the total borrowings of the Group, all of which were denominated in Hong Kong dollars, amounted to approximately HK$25.5 million (as at 31 March 2020: approximately HK$26.2 million) and the Group had approximately HK$15.5 million of outstanding committed banking facilities (as at 31 March 2020: approximately HK$1.9 million), further details of which are set out below:

1. approximately HK$15.5 million (as at 31 March 2020: HK$1.9 million) was derived from bank borrowings which bears interest rate at 2.75% per annum (as at 31 March 2020: 4.13%); and

2. approximately HK$10.0 million was derived from lease liabilities of the Group's properties and motor vehicles (as at 31 March 2020: HK$24.3 million), which had interest rate ranging from 1.99% to 5.19% per annum (as at 31 March 2020: ranging from 1.99% to 5.19% per annum).

Pledge of assets

As at 31 March 2021, the carrying amounts of motor vehicles of approximately HK$166,000 was pledged (as at 31 March 2020: approximately HK$281,000).

Gearing ratio

As at 31 March 2021, the gearing ratio of the Group was approximately 47.8% (as at 31 March 2020: approximately 45.3%). The increase was mainly attributable to the decrease in lease liabilities during the period. The gearing ratio is calculated based on the total borrowings, which include bank borrowings and lease liabilities divided by the equity attributable to owners of the Company at the end of the respective period.

COMMITMENTS

As at 31 March 2021, the Group had no outstanding capital commitments (as at 31 March 2020: approximately HK$76,000).

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 March 2021, the Group did not hold any significant investments.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 22 February 2021 and 10 March 2021, the Group has entered into share purchase agreements to acquire 5%, 2.5% and 2.5% of issued share capital of Du Hsiao Yueh (Hong Kong) Limited ("**DHY**") from LM Hospitality Management & Consultants Limited ("**LM Hospitality**"), Mr. Chan Tin Yau Keven ("**Mr. Chan**") and Ms. Luk Yuen Man ("**Ms. Luk**") at the consideration of HK$700,000, HK$350,000 and HK$350,000, respectively (the "**Acquisitions**"). Immediately before the completion of the Acquisitions, LM Hospitality was indirectly owned as to approximately 43.2% by Mr. Lam and approximately 56.8% by an individual investor (the "**Individual Investor**"). The Individual Investor, Mr. Chan and Ms. Luk who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are third party independents of the Company. As such, LM Hospitality was a connected person of the Company under Chapter 20 of the GEM Listing Rules. Completion of each of the Acquisitions was taken place on the date of the respective agreements. Upon the completion of the Acquisitions, the Company owned 100% of the issued share capital of DHY.

For details, please refer to the announcement of the Company dated 10 March 2021.

Save for the Acquisitions and disclosed elsewhere in this report, there was no material acquisition or disposal of subsidiaries, associates or joint ventures for the year ended 31 March 2021.

CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no significant contingent liabilities (as at 31 March 2020: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with majority of the transactions being settled in HK$, United States dollar ("**USD**") and Renminbi ("**RMB**"). 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 Group is not exposed to foreign exchange risk in respect of HK$ against the USD as long as this currency is pegged.

Since the transactions and monetary assets denominated in RMB are minimal for the years ended 31 March 2020 and 2021, the Group considers that there was no significant foreign exchange risk in respect of RMB for both periods.

The Group did not have any foreign exchange contracts, interest or currency swaps, other financial derivatives or any financial instruments for hedging purposes for the years ended 31 March 2020 and 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

TREASURY POLICIES AND RISK MANAGEMENT

The main objective of the Group's treasury policies is to seek capital appreciation with the surplus fund in short term and non-speculative in nature. The surplus fund is the fund after reserving the working capital requirement for the next 12-month period of the Group and excluding any unused proceeds from the listing and other fund raising activities by the Company including the Placing (as defined below). The investment activities of the Group shall be undertaken by the Investment Committee. Details of the Investment Committee is set out in the section "Corporate Governance Report" of this annual report.

As at 31 March 2021, the Group's credit risk is primarily attributable to trade receivables, deposits, other receivables and cash and cash equivalents.

At at 31 March 2020 and 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determining credit limits and credit approvals. The Group's monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2020: incurred loss model) on credit card trade receivables individually and the remaining trade receivables are grouped using a provision matrix with past due status grouping. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Deposits and other receivables

The management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of deposits paid and other receivables based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information under ECL model upon application of HKFRS 9 (2020: incurred loss model). The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of deposits paid and other receivables.

Cash and cash equivalents

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

The Group does not have any other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

LITIGATIONS

As at 31 March 2021, the Group is not engaged in any litigation or arbitration or claim of material importance and there is no litigation or arbitration or claim of material importance is pending or threatened by or against any member of the Group.

PROSPECTS

Our strategic objective is to continue to strengthen our position in operating restaurants at the HKIA and diversify our business in the urban area of Hong Kong, and strategically looking for opportunities to introduce popular restaurant brands to both the HKIA and the urban area of Hong Kong through franchising or other cooperative arrangements.

However, due to the adverse impact of the internal and external environment such as economic recession and the pandemic, we decided to take conservative and prudent business strategies in order to support daily business operations and to cope with the economic uncertainty in the near future. In view of these uncertainties and the existing market conditions, we will focus on maintaining sufficient general working capital to support the daily business operation of the Group, and also will carefully look at the business trends as well to determine if there is a strong entrepreneurial environment for us to lean on. We shall thus remain conservative and prudent towards its profitability in the coming months and will continue to manage the Group's expenditure and keep monitoring and searching for market opportunities for our expansion plan in order to improve financial performance.

Looking ahead, we will endeavour to strengthen the development of its existing businesses and to provide steady return as well as growth prospects for the Shareholders.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wong Man Wai (王文威先生) ("Mr. Wong"), aged 42, is the Chairman of the Board, the Chief Executive Officer of the Company, an executive Director, the chairman of the Nomination Committee and Investment Committee and a member of Remuneration Committee. He is also a director of all subsidiaries of the Group. Mr. Wong is responsible for formulating the overall business strategy and planning; overseeing the Group's performance generally; leading and representing the Group in negotiation with potential business partners.

Shortly after Mr. Wong's graduation from The University of New South Wales in May 2003 where he obtained his Bachelor of Commerce in Accounting and Finance, he joined the Group and started taking part in the operation of the restaurants of the Group since April 2004. Up until now, he has over 17 years of experience in the restaurant and catering business.

Mr. Chan Chak To Raymond (陳澤濤先生) ("Mr. Chan"), aged 54, is an executive Director and is responsible for overseeing the day-to-day operation of the restaurants operated by the Group; assessing the performance of frontline staff and formulating training standard and guidance to frontline staff.

Mr. Chan has been with the Group for over 10 years since he joined the Group in October 2009 as the Operation director. Prior to joining the Group, Mr. Chan had accumulated over 16 years of experience in catering related businesses, of which he had worked as a chef for approximately three years and subsequently held managerial positions with various companies engaging in food production, trading or restaurant operation.

Mr. Chan has completed a certificate programme on business administration at Research Institute of Tsinghua University in 2017.

Ms. Lam Wai Kwan (林慧君女士) ("Ms. Lam"), aged 47, is an executive Director and a member of Investment Committee and is responsible for the finance and accounting matters, procurement and cost control measures of the Group. She is also a director of certain subsidiaries of the Group.

Ms. Lam has been with the Group for over 17 years since she joined the Group in November 2003 as an Assistant Manager. She was subsequently promoted to her current position of Accounting Manager in May 2005. After obtaining her Diploma in Commercial Studies from The Chinese Young Men's Christian Association Hong Kong in May 1992, Ms. Lam has worked in various companies performing secretarial and accounting duties.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ma Yiu Ho Peter (馬遙豪先生) ("Mr. Ma"), aged 56, is an independent non-executive Director and the chairman of the Audit Committee. He joined the Group since July 2016.

He is currently the financial controller of Chyau Fwu Properties Limited, a company principally engaged in property development and hospitality. He has been a member of the Hong Kong Institute of Certified Public Accountants since February 1990 and a fellow member of the Association of Chartered Certified Accountants (UK) since April 1994. Mr. Ma obtained a master degree of business administration from the Hong Kong University of Science and Technology in November 1995. He is also a member of the Hong Kong Institute of Directors since December 2015. He has over 20 years of experience in the finance and accounting field and worked as the financial controller and company secretary of The Hong Kong Parkview Group Limited (now named as Joy City Property Limited) (stock code: 207); the financial controller, qualified accountant and authorised representative of V1 Group Limited (formerly known as VODone Limited) (stock code: 82), both are listed companies on the Main Board of the Stock Exchange; chief financial officer of Superior Fastening Technology Limited (stock code: 5DW), a listed company on the Singapore Exchange.

Mr. Ma has also worked for Standard Chartered Equitor Trustee HK Limited and Hong Kong Government's Audit Department. Mr. Ma has been a director of the following listed companies on the Stock Exchange during the periods indicated below:

Name of listed company (stock code)	Position held	Period during which he held directorship
Indigo Star Holdings Limited (stock code: 8373)	Independent non-executive director	October 2017 — CURRENT
TEM Holdings Limited (stock code: 8346)	Independent non-executive director	April 2016 — January 2021
Mobile Internet (China) Holdings Limited (stock code: 1439)	Independent non-executive director	December 2013 — August 2020
Convoy Global Holdings Limited (stock code: 1019)	Independent non-executive director	March 2010 — July 2018
Huisheng International Holdings Limited (stock code: 1340)	Independent non-executive director	February 2014 to July 2017
China Ocean Fishing Holdings Limited (formerly known as Sky Forever Supply Chain Management Group Limited) (stock code: 8047)	Independent non-executive director	July 2014 to May 2015

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Cai Chun Fai (蔡振輝先生) ("Mr. Cai"), aged 39, is an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. He joined the Group since July 2016.

Mr. Cai holds the degree of Bachelor of Arts in Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Cai has over ten years' experience in auditing, accounting and financial management. He is an executive director and the company secretary of Zhaobangji Properties Holdings Limited (stock code: 1660), a company listed on the Main Board of the Stock Exchange, since March 2019. He was an independent non-executive director of My Heart Bodibra Group Limited (stock code: 8297), a company listed on the GEM of the Stock Exchange, from February 2018 to April 2021. He was an independent non-executive director of Inno-Tech Holdings Limited (stock code: 8202), a company listed on the GEM of the Stock Exchange, from 2 to 14 February 2018.

Mr. Ng Sai Cheong (伍世昌先生) ("Mr. Ng"), aged 44, is an independent non-executive Director and a member of the Audit Committee, Remuneration Committee and Nomination Committee. He joined the Group since August 2018.

Mr. Ng has more than 20 years of experience in auditing and accounting. Mr. Ng worked at Lee Sik Wai & Co., an accounting firm, between June 1998 and April 2000 with his last position held as semi-senior. He then worked at Charles Chan, Ip & Fung CPA Limited (currently known as CCIF CPA Limited) from April 2000 to February 2001 with his last position held as auditor. Between February 2001 and September 2002 and between October 2002 and September 2003, he served as a staff accountant and senior accountant, respectively, at Ernst & Young. He later joined Beauty China Holdings Limited (a company formerly listed on the Singapore Stock Exchange (stock code: B15.SG)) as an accounting manager in October 2003 and was promoted to assistant financial controller in October 2007, a position which he had held until August 2009. He then worked at Top Express Holdings Limited between September 2009 and April 2012 with his last position held as chief financial officer.

Mr. Ng was the financial controller of Kwan On Holdings Limited (stock code: 1559), a company listed on the Main Board of the Stock Exchange, since August 2012 and its company secretary since January 2013 and has been retitled to chief financial officer and company secretary since February 2018 and resigned as the chief financial officer and company secretary in December 2018. Mr. Ng has been the executive director of Indigo Star Holdings Limited (stock code: 8373), a company listed on GEM of the Stock Exchange, since April 2017 and its company secretary from April 2017 to September 2017.

Mr. Ng graduated from The Hong Kong University of Science and Technology in November 1998 with a bachelor of business administration degree in accounting and obtained a master of corporate governance degree from The Open University of Hong Kong in June 2007. Mr. Ng has become an associate of Hong Kong Society of Accountants (currently known as Hong Kong Institute of Certified Public Accountants) since March 2003. He is an associate of the Hong Kong Institute of Chartered Secretaries and an associate of The Institute of Chartered Secretaries and Administrators.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Ng Shing Kin (吳成堅), aged 40, is the Group's financial controller and company secretary of the Company. He is also a director of certain subsidiaries of the Group. He joined the Group since November 2015. He is mainly responsible for the handling and overseeing the financial reporting, financial planning and reviewing internal control of the Group.

Mr. Ng Shing Kin obtained an honours diploma in business administration from the Hong Kong Shue Yan College in July 2005 and a master's degree of business administration from The University of Louisiana at Monroe in Hong Kong in May 2007. Mr. Ng Shing Kin further obtained a postgraduate diploma in professional accounting from the Hong Kong Baptist University in November 2007. Mr. Ng Shing Kin was granted the designation of financial risk manager by the Global Association of Risk Professionals in July 2008, and was admitted as a member of the HKICPA in January 2012. Mr. Ng Shing Kin is currently a practising certified public accountant in Hong Kong.

Prior to joining the Group in November 2018, Mr. Ng Shing Kin worked at HLB Hodgson Impey Cheng Limited from August 2008 to December 2013 with the last position as senior accountant. From December 2013 to October 2015, he worked in PricewaterhouseCoopers Limited as a senior associate. Since February 2019, he has been working as the company secretary of Ying Hai Group Holdings Company Limited (stock code: 8668), a company listed on GEM of the Stock Exchange. Since December 2019, he has been an independent non-executive director of WMCH Global Investment Limited (stock code: 8208), a company listed on GEM of the Stock Exchange. Since March 2021, he has been working as the company secretary of WT Group Holdings Limited (stock code: 8422), a company listed on GEM of the Stock Exchange. Since June 2021, he has been working as the company secretary of Jiujiuwang Food International Limited (stock code: 1927), a company listed on Main Board of the Stock Exchange.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The shares of the Company (the "**Shares**") have been successfully listed on the GEM of the Stock Exchange on 8 August 2016 (the "**Listing Date**"). The Board recognized that the transparency and accountability are important to a listed company. Therefore, the Company is committed to maintaining high standards of corporate government in order to uphold the transparency of the Group and safeguard interests of the Shareholders.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code for the year ended 31 March 2021, except for the deviations of Code Provisions A.2.1.

CHAIRMAN AND CHIEF EXECUTIVE

Paragraph A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Wong Man Wai is the Chairman and the Chief Executive Officer of the Company. Considering that Mr. Wong Man Wai has been operating and managing the Group since 2004, the Board believes that it is in the best interest of the Group to have Mr. Wong Man Wai taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from paragraph A.2.1 of the Code is appropriate in such circumstance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them to the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results of the Group. Having made specific enquiry of the Directors, all Directors have complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by the directors throughout the period under review. The Company was not aware of any non-compliance in this respect throughout the year ended 31 March 2021.

BOARD OF DIRECTORS

From 1 April 2020 to the date of this annual report, the Board comprised three executive Directors, namely Mr. Wong Man Wai, Mr. Chan Chak To Raymond and Ms. Lam Wai Kwan and three independent non-executive Directors, namely, Mr. Ma Yiu Ho Peter, Mr. Cai Chun Fai and Mr. Ng Sai Cheong.

Throughout the year ended 31 March 2021, Mr. Wong Man Wai has been the Chairman of the Board and the Chief Executive Officer of the Company.

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decisions objectively in the interests of the Company. The Board has the full support from the executive Directors and the senior management of the Company to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the executive Director(s) and senior management. During the year under review, the Board also assumes the responsibilities of maintaining high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the codes of conduct and compliance manual (if any) applicable to Directors and employees and reviewing the Company's compliance with the CG Code and the disclosures in this annual report. 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 delivery of the Board functions. Executive Directors and independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Committee (as defined under the paragraph headed "Board Committees").

The Board has three independent non-executive Directors which complies with Rule 5.05(1) of the GEM Listing Rules. All the three independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules.

The independent non-executive Directors represent at least one-third of the Board in compliance with Rule 5.05A of the GEM Listing Rules. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent.

The biographical details of the Directors and senior management are set out in the section headed with "Biographical Details of Directors and Senior Management" from pages 16 to 19 of this annual report. Save as disclosed under the paragraph headed "Chairman and Chief Executive" and in the section "Biographical Details of the Directors and Senior Management" in this annual report, each of the Board members has no financial, business, family or other material or relevant relationships with each other.

ATTENDANCE RECORDS OF MEETINGS

The Board is scheduled to meet regularly at least four times a year, and Directors will receive at least 14 days prior written notice of such meetings in compliance with paragraph A.1.1 of the CG Code. The company secretary assists the Chairman to prepare the meeting notice and agenda. Each Director may include any item in the agenda. The agenda, accompanied by meeting papers with sufficient and reliable information, are sent to each Director at least 3 days before each Board meeting or committee meeting to enable the directors to make informed decisions on the matters to be discussed, except where a Board meeting or committee meeting is convened on a very urgent basis to consider any urgent ad hoc matter.

CORPORATE GOVERNANCE REPORT

The company secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes will normally be circulated to Directors for comment within a reasonable time after each meeting and all records of Board meeting and committee meetings are open for Directors' inspection.

Additional Board meetings will be convened, as and when required, to deal with ad hoc issues. Any Director who is not able to present physically may participate at any Board meeting through means of a telephone or tele-conferencing or any other telecommunications facility, in accordance with the articles of association of the Company (the "**Articles**").

During the year ended 31 March 2021, the Board convened a total of 8 Board meetings in person or by means of electronic communication and one general meeting. Attendance of each Director at the Board meetings and general meeting is set out below:

Name of Directors	Board Meeting Attended/Held	General Meeting Attended/Held
Executive Directors		
Mr. Wong Man Wai *(Chairman)*	8/8	1/1
Mr. Chan Chak To, Raymond	8/8	1/1
Ms. Lam Wai Kwan	8/8	1/1
Independent non-executive Directors		
Mr. Ma Yiu Ho, Peter	8/8	1/1
Mr. Cai Chun Fai	8/8	1/1
Mr. Ng Sai Cheong	8/8	1/1

BOARD COMMITTEES

The Board has established four Board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") and the investment committee (the "**Investment Committee**"). The written terms of reference of Audit Committee, Remuneration Committee and Nomination Committee are available on the websites of the Stock Exchange and the Company.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring training and continuous professional development of Directors and Senior Management, reviewing the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this corporate governance report.

AUDIT COMMITTEE

The Company established the Audit Committee pursuant to a resolution of the directors passed on 21 July 2016 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the CG Code has been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditors; review and monitor the independence of the external auditor of the Group; review financial statements of our Company and judgments in respect of financial reporting; and review and oversee the effectiveness of the procedures of the financial control, risk management and internal control procedures of our Group. The Audit Committee consists of three independent non-executive directors, namely Mr. Ma Yiu Ho Peter, Mr. Cai Chun Fai and Mr. Ng Sai Cheong. Mr. Ma Yiu Ho Peter is the chairman of the Audit Committee.

Pursuant to the terms of reference of the Audit Committee, meetings shall be held not less than twice a year and the external auditor may request a meeting if they consider that one is necessary. During the year ended 31 March 2021, the Audit Committee convened five committee meetings. The Audit Committee had reviewed the Group's annual results and annual report for the year ended 31 March 2020, first quarterly results for the three months ended 30 June 2020, interim results for the six months ended 30 September 2020 and third quarterly results for the nine months ended 31 December 2020 and discussed internal controls, risk management and financial reporting matters. Attendance of each Audit Committee member is set out below:

Name of Directors	Audit Committee Meeting Attended/Held
Independent non-executive Directors	
Mr. Ma Yiu Ho, Peter *(Chairman)*	5/5
Mr. Cai Chun Fai	5/5
Mr. Ng Sai Cheong	5/5

There is no disagreement between the Board and the Audit Committee regarding the selection and appointment of the Company's auditors. The Audit Committee is satisfied with their review of the auditors' remuneration, the independence of the auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"), and recommended to the Board to re-appoint HLB as the Company's auditors for the year 2020/21, which is subject to the approval of shareholders at the forthcoming annual general meeting.

The Company's annual results and annual report for the year ended 31 March 2021 have been reviewed by the Audit Committee, which opined that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 21 July 2016 pursuant to a resolution in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with paragraph B.1.2 of the CG Code.

The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of our Group and ensure that none of the Directors or any of their associates determine their own remuneration. The Remuneration Committee consists of three members, namely Mr. Cai Chun Fai, Mr. Wong and Mr. Ng Sai Cheong. Mr. Cai Chun Fai is the chairman of the Remuneration Committee.

During the year ended 31 March 2021, the Remuneration Committee convened one committee meeting. Attendance of each Remuneration Committee member is set out below:

Name of Directors	Remuneration Committee Meeting Attended/Held
Executive Directors	
Mr. Wong Man Wai	1/1
Independent non-executive Directors	
Mr. Cai Chun Fai *(Chairman)*	1/1
Mr. Ng Sai Cheong	1/1

During the year ended 31 March 2021, Remuneration Committee has assessed the performance of executive Directors and reviewed the remuneration and compensation package of the executive Directors and the senior management with reference to, among other things, the market level of salaries paid by comparable companies, the respective responsibilities of the executive Directors and the senior management and the performance of the Group, and made recommendations to the Board regarding salaries of the executive Directors and senior management.

REMUNERATION OF SENIOR MANAGEMENT BY BAND

The remuneration of the members of the senior management by band for the year ended 31 March 2021 is set out below:

Annual remuneration by band	Number of Members of senior management
HK$500,001 to HK$1,000,000	1

NOMINATION COMMITTEE

Our Company established the Nomination Committee on 21 July 2016 with written terms of reference in compliance with paragraph A.5.2 of the CG Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive directors; and make recommendations to the Board on relevant matters relating to appointment or reappointment of directors. The Nomination Committee consists of three members, namely Mr. Wong Man Wai, Mr. Ng Sai Cheong and Mr. Cai Chun Fai. Mr. Wong is the chairman of the Nomination Committee.

During the year ended 31 March 2021, the Nomination Committee convened one committee meeting. Attendance of each Nomination Committee member is set out below:

Name of Directors	Nomination Committee Meeting Attended/Held
Executive Directors	
Mr. Wong Man Wai *(Chairman)*	1/1
Independent non-executive Directors	
Mr. Cai Chun Fai	1/1
Mr. Ng Sai Cheong	1/1

During the year ended 31 March 2021, the Nomination Committee has made recommendation on the re-election by the Shareholders of two Directors at the annual general meeting held on 28 September 2020, reviewed the structure and composition of the Board and assessed the independence of the independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

Nomination policy

On 31 December 2018, the Nomination Committee recommended to the Board and the Board approved and adopted the nomination policy, a summary of which is set out below:

1. the Nomination Committee utilizes various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. In addition, the Nomination Committee will consider director candidates properly submitted by the shareholders of the Company;

2. the evaluation of director candidates may include, without limitation, review of resume and job history, personal interviews, verification of professional and personal references and performance of background checks;

3. in considering candidates for director nominee, the Nomination Committee will take into account whether a candidate has the qualifications, skills and experience, gender diversity, etc. that can add to and complement the range of skills, experience and background of existing Directors;

4. the Nomination Committee considers that (i) the highest personal and professional ethics and integrity ; (ii) proven achievement and competence in the nominee's field and the ability to exercise sound business judgment; (iii) skills that are complementary to those of the existing Board; (iv) the ability to assist and support management and make significant contributions to the Company's success; and (v) an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities are at a minimum to be required of a director candidate in recommending to the Board potential new Director, or the continued service of existing Director; and

5. the independent non-executive director candidates should meet the "independence" criteria as required under GEM Listing Rules and the composition of the Board is in conformity with the provisions of the GEM Listing Rules.

To ensure that the nomination policy continues to be implemented smoothly in practice, during the year under review, the Nomination Committee has reviewed the policy having regard to the regulatory requirements, good corporate governance practice and the expectations of the Shareholders and other stakeholders of the Company.

Board diversity policy

On 31 December 2018, the Nomination Committee recommended to the Board and the Board approved and adopted an updated board diversity policy, a summary of which is set out below:

1. the Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor;

2. the Company believes that a diversity of perspectives can be achieved through consideration of a number of factors, including skills, regional and industry experience, professional experience, background, education, race, gender, age, culture and other qualities etc;

INVESTMENT COMMITTEE

Our Company established the Investment Committee on 23 May 2017. The primary duties of the Investment Committee are to establish the Group's investment policies and strategies; controlling the day-to-day investment activities and associated financing activities; executing investment transactions in accordance with the treasury policies of the Group; managing the investment portfolio within approved policies, parameters and limits; preparing regular investment portfolio reports; maintaining business relationships with external investment managers, banks and broker firms; monitoring the investment regularly to ensure the investment does not exceed the investment cap in accordance with the treasury policies of the Group and reporting the same in a monthly report to the Board; and monitoring the investment activities to ensure compliance with the treasury policies of the Group and any other statutory and regulatory requirements, including the GEM Listing Rules. The Investment Committee consists of three members, namely Mr. Wong Man Wai, Ms. Lam Wai Kwan and Mr. Ng Shing Kin. Mr. Wong Man Wai is the chairman of the Investment Committee.

During the year ended 31 March 2021, the Investment Committee convened 12 meetings. Attendance of each Investment Committee member is set out below:

Name of Directors	Investment Committee Meeting Attended/Held
Executive Directors	
Mr. Wong Man Wai *(Chairman)*	12/12
Ms. Lam Wai Kwan	12/12
Senior Management	
Mr. Ng Shing Kin	12/12

During the year ended 31 March 2021, the Investment Committee has reviewed financial performance of the investment portfolio of the Group.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our executive Directors has entered into a service contract with our Company and each of our independent non-executive Directors has entered into a letter of appointment with our Company for a fixed term of three years. All service contracts and letters of appointment are terminable by giving at least three months' notice and subject to termination provisions therein and provisions on retirement by rotation and reelection in accordance with the Articles and the GEM Listing Rules.

The Articles provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat.

CORPORATE GOVERNANCE REPORT

After the year under review, the Nomination Committee, having reviewed the Board's composition, nominated Mr. Chan Chak To, Raymond and Mr. Ng Sai Cheong to the Board for it to recommend to Shareholders for re-election at the ensuing annual general meeting of the Company. The nominations were made in accordance with the terms of reference of the Nomination Committee and the objective criteria (including without limitation skills, experience, knowledge, expertise, culture, independence, age and gender), with due regard for the benefits of diversity, as set out under the board diversity policy of the Company. The Nomination Committee had also taken into account the respective contributions of Mr. Chan Chak To, Raymond and Mr. Ng Sai Cheong to the Board and their firm commitment to their roles. As a good corporate governance practice, each of Mr. Chan Chak To, Raymond and Mr. Ng Sai Cheong had abstained from voting at the Board meeting on their nominations for re-election by Shareholders. Mr. Chan Chak To, Raymond and Mr. Ng Sai Cheong do not have any service contracts with any member of the Group that are not determinable by the Group within one year without compensation (other than statutory compensation). Their particulars will be set out in the circular to Shareholders to be sent together with this report and posted on the websites of the Stock Exchange and the Company.

DIVIDEND POLICY

On 31 December 2018, the Board has adopted a dividend policy, details of which are as follows:

1. The Company considers stable and sustainable returns to shareholders of the Company to be its goal and endeavours to maintain a dividend policy to achieve such goal. In deciding whether to propose a dividend and in determining the dividend amount, the Board would take into account the Group's results of operations, earnings performance, cashflows, financial condition, future prospects, as well as statutory and regulatory restrictions on the payment of dividends, and other factors that the Board may consider relevant.

2. Whilst the Board will review from time to time for determination on proposed dividend with the above factors taken into account, there can be no assurance that dividends will be declared or paid in any particular amount for any given period.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Every Director keeps abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

The Directors are aware of the requirement under the code provision A.6.5 of the CG Code regarding continuous professional development. During the year, the Directors had reviewed the reading materials related to corporate governance and regulations that provided to them concerning latest developments in corporate governance practices and relevant legal and regulatory developments.

DEED OF NON-COMPETITION

Each of the controlling Shareholders has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 25 July 2016. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the controlling Shareholders and duly enforced during the year under review and up to the date of this annual report.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group that gives a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group. As at 31 March 2021, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditors, HLB, about their reporting responsibility on the financial statements of the Group are set out in the independent auditor's report included in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for reviewing the effectiveness of the Group's risk management and internal control systems. The risk management process includes risk identification, risk evaluation, risk management and risk control and review.

The management is entrusted with duties to identify, analyze, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority.

During the reporting period, the Board has conducted an annual review of the adequacy and effectiveness of the implemented risk management and internal control system and procedures, including areas covering financial, operational, compliance and risk management functions. The systems are implemented to minimize the risk to which the Group is exposed and is used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatement or losses. The Board was satisfied with the adequacy and effectiveness of the risk management and internal control system.

The Group does not have an internal audit function as the Board has reviewed the effectiveness of the internal control system of the Group and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The situation will be reviewed from time to time.

The Group has engaged CityLinkers Corporate Advisory Services Limited, external professional consultant, to conduct independent internal control review for the year ended 31 March 2021 and the review is completed as at the date of this annual report.

For the year ended 31 March 2021, the Board considered the Group's internal control system as adequate and effective and that the Company has complied with the code provisions on internal control of the CG Code.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

During the year under review, HLB (including its affiliates) provided with the Group audit and non-audit services. The remuneration for the audit service and non-audit services provided by HLB (including its affiliates) to the Group during the year ended 31 March 2021 was approximately as follows:

Type of Services	Amount HK$'000
Audit services	500
Non-audit services	50
Total	550

COMPANY SECRETARY

Mr. Ng Shing Kin is the company secretary of the Company, whose biographical details are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report. During the year ended 31 March 2021, Mr. Ng Shing Kin has taken more than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

INVESTOR RELATIONS

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to the shareholders and the investing public.

The Company's corporate website is http://www.hkrcg.com/tc/index.php. All corporate communication materials published on the GEM website (http://www.hkgem.com) and the Stock Exchange's website (http://www.hkexnews.hk) are posted on the Company's corporate website as soon as practicable after their release. The Company's constitutional documents are also available on our website. No significant changes were made to the constitutional documents and other corporate communication materials of the Company during the year ended 31 March 2021. Information on the website will be updated on a regular basis.

Share registration matters shall be handled for the Shareholders by the Company's branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

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

All resolutions put forward at Shareholder meetings will be voted on 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 Shareholder meeting.

Pursuant to the Articles, any two or more Shareholders holding not less than one-tenth of the paid up share capital of the Company carrying the right of voting at general meetings of the Company has statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders by sending to the Board or the company secretary of the Company at the principal place of business of the Company in Hong Kong a written request for such general meeting duly signed by the Shareholders concerned together with the proposed agenda items and such meeting shall be held within three months of the deposit of such requisition. Shareholders also have the right to propose a person for election as a Director, the procedures are available on the websites of the Company and the Stock Exchange.

Enquiries to the Board

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available to the company secretary of the Company at the following contact details who is responsible for forwarding communications relating to matters within the Board and communication relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the chief executive officer.

The contact details of the company secretary of the Company is set out below:

Address: Unit 1201, 12th Floor, Great Smart Tower, 230 Wan Chai Road, Wan Chai, Hong Kong
Telephone: 2388 9423
Fax: 3188 0501
Email: info@hkrcg.com

Putting forward proposals at a general meeting

Shareholders are welcomed to put forward proposals relating to the operations and management of the Group to be discussed at Shareholders' meetings. The proposals shall be sent to the company secretary of the Company at the contact details as set out in the paragraph headed "Enquiries to the Board" by a written requisition. Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "Convening an extraordinary general meeting" above.

LOOKING FORWARD

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

REPORT OF DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 38 to the consolidated financial statements. The principal activities of the Group are the provision of casual dining food catering services in Hong Kong. There was no significant change in the Group's principal activities during the reporting period.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 69.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

BUSINESS REVIEW

A fair review and an analysis of the business of the Group using financial key performance indicators, a discussion of the principal business risks and uncertainties facing the Group and the future development of the Group's business are provided in the section headed "Chairman's Statement" and paragraphs headed "Business Review", "Financial Review", "Principal Risks and Uncertainties" and "Prospects" in the "Management Discussion and Analysis" section, respectively on page 3, pages 5 to 6, pages 6 to 10, page 11 and page 15 of this annual report. Additionally, the financial risk management objectives and policies of the Company can be found in note 4 to the consolidated financial statements. These discussions form part of this Report of Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has always encouraged environmental protection, strictly complied with environmental regulations and promoted environmental protection awareness among employees. The Group implements strict monitoring through the establishment of an ever-improving environmental management system. During the year ended 31 March 2021, the Group was in compliance, in all material respects, with the relevant environmental laws and regulations.

RELATED PARTY TRANSACTIONS

Details of significant related party transactions undertaken in the normal course of business of the Group are set out in note 35 to the consolidated financial statements, including compensation of key management personnel of the Group, which are continuing connected transactions fully exempted from the connected transaction requirements under Rule 20.93 of the GEM Listing Rules. During the year under review, the Company complied with disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DONATIONS

Donations of amount approximately HK$103,000 had been made by the Group for the year ended 31 March 2021 (2020: HK$264,000).

PROPERTY, PLANT AND EQUIPMENT

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

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 72 and note 34(b) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

There is no distributable reserves of the Company as at 31 March 2021, calculated under Part 6 of the Companies Ordinance (Cap.622) (as at 31 March 2020: Nil).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association and the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

EMPLOYEES AND REMUNERATION POLICIES

Remuneration of employees (excluding the Directors) is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. The Remuneration Committee reviews and determines the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. As incentives or rewards for their contribution to our Group, the Group has adopted the Share Option Scheme (as defined below) and may grant options under the Share Option Scheme (as defined below) to reward its employees, the Directors and other selected participants for their contributions to the Group.

The Directors are of view that employees are one of the keys to the sustainable development of the Group. Our Directors believe that our Group maintains good working relations with its employees.

Employees are regarded as the most important and valuable assets of the Group. We provide various types of trainings to our employees, including (i) conducting in-house continuous professional development seminars; and (ii) provision of safety training programme to staff to enhance their safety awareness.

REPORT OF DIRECTORS

FINANCIAL SUMMARY

A summary of the Group's results and financial position is set out on page 142 of this report.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the year under review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, social and governance report is provided in the Section headed "Environmental, Social And Governance Report" on page 43 of this annual report.

SHARE OPTIONS SCHEME

The share option scheme (the "**Share Option Scheme**") was conditionally adopted by a written resolution of the sole shareholders passed on 21 July 2016. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The purpose of the Share Option Scheme is to enable our Group to grant options to selected eligible participants, including employee, Directors, suppliers, customers, person or entity that provides research, development or other technological support, shareholders, adviser (professional or otherwise) or consultant to any area of business or business development and other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group (the "**Eligible Participants**"), as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected Eligible Participants for their contributions to our Group. Our Directors may, at its absolute discretion, invite any Eligible Participants to take up options to subscribe for Shares on the terms set out in the Share Option Scheme. The eligibility of any of the classes of Eligible Participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' option as to his contribution to the development and growth of our Group. An option may be accepted by a participant within 21 days from the date of the offer of grant of the option with a consideration of HK$1.0 payable on acceptance of the grant of an option. Further details of the Share Option Scheme were provided in the Prospectus.

Unless otherwise terminated by resolution in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, after which no further options shall be offered, but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

REPORT OF DIRECTORS

The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of our Group shall not exceed 30% of the Shares of our Company in issue from time to time (i.e. 793,008,000 Shares as at the date of this report). The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the Shares on the Listing Date (i.e. not exceeding 200,000,000 Shares). The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each participant (who is not a substantial Shareholder or an independent non-executive Director or their respective associates) in any 12-month period shall not exceed 1.0% of the issued share capital of our Company for the time being. Unless with the approval by the Shareholders in general meeting in accordance with the terms of the Share Option Scheme, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to a substantial Shareholder or an independent non-executive Director or their respective associates in any 12-month period shall not exceed 0.1% of the Shares in issue and having an aggregate value in excess of HK$5 million. Any grant of options under the Share Option Scheme to a Director, a chief executive of our Company or a substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent nonexecutive Director who or whose associate is the proposed grantee of the options).

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The exercise price of the option granted under the Share Option Scheme will be a price determined by our Directors at their discretion, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

On 5 October 2016, the Company granted share options exercisable within 10 years to two executive Directors and one Eligible Participant for a total of 60,000,000 ordinary Shares of HK$0.01 each at the exercise price of HK$0.163 per Share under the Share Option Scheme. A nominal consideration of HK$1.00 was received by the Company from each of the three grantees. As at the date of this report, 60,000,000 options had been granted under the Share Option Scheme and no option has been exercised.

REPORT OF DIRECTORS

The summary of the options granted under the Share Option Scheme that were still outstanding as at 31 March 2021 is as follows:

Name of the grantee	No. of share options outstandings as at 1 April 2020	No. of share options granted during the year ended 31 March 2021	No. of share options exercised during the year ended 31 March 2021	No. of share options adjusted during the year ended 31 March 2021	No. of share options cancelled during the year ended 31 March 2021	No. of share options lapsed during the year ended 31 March 2021	No. of share options outstanding as at 31 March 2021
Mr. Chan Chak To Raymond	20,000,000	–	–	–	–	–	20,000,000
Ms. Lam Wai Kwan	20,000,000	–	–	–	–	–	20,000,000
Employee (in aggregated)	20,000,000	–	–	–	–	–	20,000,000
	60,000,000	–	–	–	–	–	60,000,000

DIRECTORS

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

Executive Directors

Mr. Wong Man Wai *(Chairman)*
Mr. Chan Chak To Raymond
Ms. Lam Wai Kwan

Independent non-executive Directors

Mr. Ma Yiu Ho Peter
Mr. Cai Chun Fai
Mr. Ng Sai Cheong

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Except for the transactions disclosed in note 35 to the consolidated financial statements, no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries, fellow subsidiaries or parent company was a party and in which a Director or his or her connected entity had, directly or indirectly, a material interest subsisted at any time during the year under review or 31 March 2021.

CONTRACTS BETWEEN THE COMPANY AND ITS CONTROLLING SHAREHOLDERS

No contract of significance, whether for provision of service or otherwise, between the Company or any of its subsidiaries and the controlling Shareholders or any of the controlling Shareholders' subsidiaries subsisted at any time during the year under review.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Company are set out on pages 16 to 19 of this annual report.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Wong Man Wai	Interest of controlled corporation	1,500,000,000	56.7%

These 1,500,000,000 Shares are held by Fortune Round Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Wong Man Wai. Therefore, Mr. Wong Man Wai is deemed to be interested in all the Shares held by Fortune Round Limited for the purpose of the SFO. Mr. Wong Man Wai is the sole director of Fortune Round Limited.

Long positions in the underlying shares

Name of Director	Capacity	Number of ordinary shares interested	Percentage of shareholding
Ms. Lam Wai Kwan	Beneficial owner	20,000,000	0.76%
Mr. Chan Chak To Raymond	Beneficial owner	20,000,000	0.76%

REPORT OF DIRECTORS

On 5 October 2016, each of Ms. Lam Wai Kwan and Mr. Chan Chak To Raymond was granted 20,000,000 options exercisable within 10 years from 5 October 2016 to subscribe for Shares at the exercise price of HK$0.163 per Share pursuant to the Share Option Scheme.

Long positions in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Wong Man Wai	Fortune Round Limited	Beneficial owner	one	100%

Save as disclosed above and so far as is known to the Directors, as at 31 March 2020, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2021 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the Shares

Name of shareholders	Capacity	Number of ordinary shares interested	Percentage of shareholding
Fortune Round Limited	Beneficial owner *(note 1)*	1,500,000,000	56.7%
Ms. Li Wing Yin	Interest of spouse *(note 2)*	1,500,000,000	56.7%
Keenfull Investments Limited	Beneficial owner *(note 3)*	317,280,000	12.0%
Mr. Li Chi Keung	Interest of controlled corporation *(note 3)*	317,280,000	12.0%
Ms. Wong Hoi Ping	Interest of spouse *(note 4)*	317,280,000	12.0%

Notes:

1. Fortune Round Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Wong Man Wai. Therefore, Mr. Wong Man Wai is deemed to be interested in all the Shares held by Fortune Round Limited for the purposes of the SFO. Mr. Wong Man Wai is the sole director of Fortune Round Limited.

2. Ms. Li Wing Yin is the spouse of Mr. Wong Man Wai. She is deemed to be interested in all the Shares in which Mr. Wong Man Wai is interested under the SFO.

3. Keenfull Investments Limited, a company incorporated in the British Virgin Islands, is wholly owned by Mr. Li Chi Keung. Therefore, Mr. Li Chi Keung is deemed to be interested in the 317,280,000 Shares held by Keenfull Investments Limited for the purpose of the SFO. Mr. Li Chi Keung is the father of Ms. Li Wing Yin and accordingly, the father-in-law of Mr. Wong Man Wai, our controlling shareholder.

4. Ms. Wong Hoi Ping is the spouse of Mr. Li Chi Keung. She is deemed to be interested in all the Shares in which Mr. Li Chi Keung is interested under the SFO.

Save as disclosed above, as at 31 March 2021, the Directors were not aware of any interests or short positions of any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company to be kept under Section 336 of the SFO.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors (including any Director resigned during the year under review) and the five highest paid individuals of the Group are set out in notes 11 and 12 to the consolidated financial statements, respectively.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, save as disclosed in the section headed "Biographical Details of 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 under review.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and has been in force since 8 August 2016. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors in the execution and discharge of his or her duties or in relation thereto.

REPORT OF DIRECTORS

MAJOR SUPPLIERS AND CUSTOMERS

The Group's customers were mainly retail customers and the Group was not dependent on any single customer. As such, the Directors consider that it is not practicable to identify our five largest customers of our Group for the year ended 31 March 2021.

The Group five largest suppliers together accounted for approximately 66.6% (2020: 55.8%) of the Group's total purchase for the year under review. The largest supplier accounted for approximately 48.2% (2020: 26.5%) of the total purchase of the Group for the year under review.

None of the Directors, their respective close associates, or any Shareholder (which, to the best knowledge of the Directors, own more than 5% of the Company's issued Shares) had any interest in the major suppliers of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares throughout the year under review and up to the date of this report.

COMPETING BUSINESS

Save as disclosed in the Prospectus and this report, the Directors are not aware of any business or interest of the Directors or the controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the year ended 31 March 2021.

RELATIONSHIP WITH MAJOR STAKEHOLDERS

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

The Group stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions. The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its short-term and long-term goals.

REPORT OF DIRECTORS

Key Relationships with stakeholders

Employees

The Group respects its employees and endeavours to provide better working conditions for its employees. In accordance with the requirements of the Employment Ordinance (Cap. 57), the Company provides and maintains statutory benefits for its staff, including but not limited to mandatory provident fund and statutory holidays.

The Group has also established the policies for remuneration of employees so as to provide fair remuneration packages for the employees under the systemic remuneration management. The Group provides equal opportunity for employees in respect of promotion, appraisal, training, development and other aspects and to build up a sound career platform for employees.

Customers

The Group focuses on improving the quality of its catering services to enhance customer satisfaction, details of which will be elaborated in the section headed "Environmental, Social and Governance Report" on pages 43 to 62 of this annual report.

Suppliers

The Group used to work with the suppliers with the same objectives and develops mutually-successful working relationships with the key suppliers. The Group strictly follows its policy, which is constructed under the Group's corporate culture and professional standard in the selection of suppliers and purchasing process. Although the cost of purchase is a major consideration in selecting suppliers, the Group would also consider the suppliers' corporate social responsibility performances, which include the suppliers' performances on the aspects of legal and regulatory compliance and business ethics etc.

During the year, there was no material or significant dispute between the Group and its suppliers, customers and/or other stakeholders.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 24 August 2021 to 27 August 2021, both days inclusive, during which period no transfer of the Shares will be registered. Shareholders are reminded to ensure that all completed Share transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 23 August 2021.

REPORT OF DIRECTORS

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above and in note 41 to the consolidated financial statements, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to the date of this report.

AUDITORS

The consolidated financial statements have been audited by HLB who retire and, being eligible, offer themselves for re-appointment. In the last three years preceding 31 March 2021, there has been no change in auditors of the Company.

AUDIT COMMITTEE

The Audit Committee, together with the management and external auditor of the Company, have reviewed the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the audited consolidated financial statements for the year ended 31 March 2021.

On behalf of the Board
Wong Man Wai
Chairman

Hong Kong, 24 June 2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PREPARATION BASIS

As a company based and serving in Hong Kong, the Company is a large food and beverage group in Hong Kong operating casual dining restaurants under a portfolio of brands.

The Group aims to serve its customers with top quality food at good value, in a cosy and inviting dining atmosphere. The Group also targets to provide (i) safe, healthy and pleasant working environments to its employees, (ii) reasonable returns on investments to investors, business partners and supporters, and (iii) sustainable development to the society and environment.

To ensure these long-term goals, the Group's senior management (including the Directors) are committed to environment protection, being socially responsible, and are equipped with the strictest corporate governance. In pursuant to the requirements defined in the *Environmental, Social and Governance Reporting Guide* ("**ESG Guide**") in Appendix 20 to the GEM Listing Rules published by The Stock Exchange of Hong Kong Limited, the Group has prepared this 2021 Environmental, Social and Governance (thereafter "**ESG**") report, disclosing its efforts in managing its ESG impacts from its principal operation activities, including: casual dining food catering services in Hong Kong. The ESG report covers two subject areas, namely environmental and social. Corporate Governance Report is presented in pages 20 to 31 in this annual report.

SCOPE OF REPORT

The scope of this ESG report covers the Group's initiatives on introducing the concept of ESG to its internal and external stakeholders, implementation of sustainable practices throughout the Group's daily operations and disclosing results as a year-end summary. It is also the intention of the management to provide an overview of the Group's direction in managing ESG related issues, driving for ESG initiatives throughout the Group, and communicating its ESG performance with stakeholders.

ESG REPORTING BOUNDARY AND PERIOD

The reporting boundary of this ESG report shall cover the operating activities of the Group from 1 April 2020 to 31 March 2021 ("**Reporting Period**"). During the Reporting Period, the Group has been operating the following restaurants in Hong Kong:

Restaurant Brand	Branches
Chinese Kitchen (中國廚房)	Hong Kong International Airport ("**HKIA**") *(Note)*
Da Shia Taiwan (大呷台灣)	Central
Du Hsiao Yueh Restaurant (度小月)	Tsim Sha Tsui
	Causeway Bay
	Nam Cheong
Hanlin Tea Room (翰林茶館)	Tsim Sha Tsui

Note: "*Chinese Kitchen (中國廚房)*" at the HKIA was temporarily closed from 10 February 2020 until further notice of reopening, further details of which are set out in the Company's announcement dated 7 February 2020.

Table 1. Restaurants operated by the Group

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT & MATERIALITY IDENTIFICATION

The Group sets out below its efforts to minimise the negative impacts to the environment from its operations, promote employees' well-being and to contribute to the local community.

To ensure the full spectrum of the ESG aspects of the operation is covered in its sustainability strategy and to identify its related attributes for active management purpose, the Group has consulted both the internal and external stakeholders about its potential impacts. The Group understands and values maintaining a good relationship and mutual communication with stakeholders from all perspectives, and thus included a wide range of parties as consultation targets.

In addition, the Group engaged and commissioned a professional firm on drafting the ESG Report, and conducted a materiality analysis in the form of a management interview during the drafting process. Particular sustainability-related issues which are material to the Group were identified during the process, and results of which shall be disclosed in later part of this ESG Report.

The below table presents key stakeholders of the Group as well as how the Group communicate with them through a variety of engagement channels during the Reporting Period.

Stakeholders	Expectations and Concerns	Engagement Channels
Customers	Quality of products and services Customer rights protection	After sales services Feedback channels such as hotline and email
Employees	Staff salary and benefits Health and safety of working environment Training and career development	Training Performance review and interviews Internal announcements and publications Suggestion box
Suppliers	Fair procurement process Timely payment for supplied goods/services	Site visit
Shareholders	Corporate governance Business compliance Return on investment	Annual general meeting Annual, interim and quarterly reports Press releases and announcements Company website
Government and Regulatory Authorities	Compliance with laws and regulations Sustainable development	Supervision on compliance with relevant laws and regulations Routine reports Government grants and subsidies
Community	Community involvement Environmental protection awareness	Community activities Subsidies and charitable donations

Table 2. Engaged stakeholder list and methods

CORPORATE GOALS AND VISIONS

The Group aims to serve its customers with quality and safe food at good value in a cosy and inviting dining atmosphere. In addition, it envisions to:

(i) Provide its employees with safe, healthy and pleasant working environments;

(ii) Generate reasonable returns on investments to investors, business partners and supporters; and

(iii) Maintain sustainable development to the society and environment.

ESG Management Structure

The Group's ESG management has been structured to ensure the fulfilment of its corporate goals and visions to bring benefits to all stakeholders, and to support and serve the society and the environment with responsibilities and sustainable development.

The Board, headed by the Chairman and having a balance of skill and experience from the Executive and Non-Executive Directors, is responsible for formulation and approval of the Group's development, business strategies, policies, annual budget and business plans. The day-to-day management including the effective implementation of the overall strategies and initiatives adopted by the Board on operations, financial, environmental and social issues and obligations, has been delegated to the Chief Executive Officer ("**CEO**") and its senior management team members.

Specifically, regarding environmental and social issues and obligations, the management is structured as follows:

Head office management

At its head office, where the CEO and the senior management team members are based, is responsible for the overall management and supervision of the Group's restaurants and the centralized warehouse.

Restaurant Operation

Each of our restaurants is headed by a restaurant manager who oversees the daily operation of the restaurant. The staff of each restaurant is categorized into the kitchen division and the dining service division. The kitchen division is led by a head chef who supervises the operation of the kitchen and is responsible for the quality, hygiene and safety of the kitchen and the food produced. The dining service division is headed by the restaurant manager who is responsible for overseeing the operation of the dining area of the restaurant to ensure delivery of satisfactory services to the customers.

Warehouse

During the Reporting Period, the Group operates a warehouse, located in Kwun Tong, which centralizes and supervises the purchase, delivery and distribution of fresh and safe food ingredients, as well as other supplies to its restaurants at the HKIA. During the same period, the rest of its restaurants are supplied by the warehouse located in Tai Po Industrial Estate, the management of which is subcontracted to a third party.

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Through an independent internal control and risk management system, the Group ensures its restaurant operations and management fulfil and comply with its environmental and social responsibilities and obligations as required by the ESG Guide, and laws and related regulations of the Hong Kong Special Administrative Region ("**HKSAR**"), as well as specific guidance in the food industry. The Board is duty-bound to review, address and report all the environmental and social issues listed in the aspects and areas laid out in the ESG Guide.

In response, the Board has approved its updated strategies and policies, and assigned the CEO and senior team members to have the overall responsibility of their implementations. The CEO is responsible for analysing and developing Key Performance Indicators ("**KPIs**") where appropriate and necessary, for continued monitoring action in line with the Group's goals, visions and policies.

ENVIRONMENTAL

The Group understands the importance and the responsibility of serving only the finest and safest food to its customers while minimizing its environmental impacts, and is committed to comply with all related laws and regulations. Through the materiality identification exercise, the Group identified that energy and water consumption, and waste generation are its most significant environmental issues. In addition, the analysis also shows that the Group has minor impact towards air and carbon emissions, which are issues that the Group will devote resources to monitor its performances. The Group's management has delegated specific efforts in managing the identified environmental issues, as detailed in subsequent sections of this report.

The Group also understands the importance of maintaining sustainable business growth and strives to provide a positive environmental and social impacts. Thus, it actively promotes green operations, as well as cultivates a healthy and safe environment in the workplace. The Group encourages "*Green Environment*" ideas to ensure:

- the efficient consumption of energy and water;
- management and conservation of natural resources;
- the promotion on environment and safety awareness among staff;
- the reduction on waste and pollutants;
- a green, healthy and safety workspace for staff, visitors and contractors;
- optimising energy consumption in operations; and
- the continuous improvement in performance, environment and safety.

The Group also runs an internal environmental protection awareness program that consistently reminds and encourages its employees and clients to improve environmental performance together.

Air Emissions

The Group examined the issue of air emissions across its operation, and concluded that the main sources of emissions originate from the direct consumption of town gas during the cooking procedure, as well as fuel consumption of logistics vehicles. Since the composition of town gas consist mainly of hydrogen and methane, it is generally considered to be a cleaner fuel source, hence the cooking process generated and released less pollutants into the atmosphere (source: www.towngas.com). However, to ensure the quality of air released to the atmosphere are meeting standards listed in related laws and regulations, emission collection and filtration systems were installed in various of the Group's operation locations (restaurants, centralised warehouse and the administrative head office), and specifically in restaurants located in HKIA, where emissions were pre-treated through a centralised system before releasing to the atmosphere.

The Group's air emissions include nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM). During the Reporting Period, a total of 24.2 kg of NO_x, 0.1 kg of SO_x and 2.3 kg of particulate matter was emitted.

The Group will continue monitoring its operation and ensuring its air emissions will remain well-managed and in compliance with all relevant laws and regulations. Further information shall also be disclosed in future ESG reports of the Company as changes occur.

Greenhouse Gas Emissions

In addition to the efforts made in monitoring air emissions as mentioned in the above section, the Group performed careful assessment on its overall greenhouse gas emissions. As the Group's operations involve cooking and food preparation, as well as associated logistics operations, greenhouse gas emission by the Group mainly consists of carbon dioxide (CO_2), with minor contribution from methane (CH_4) and nitrous oxides (N_2O).

The Group estimated its greenhouse gas emissions for the Reporting Period through calculation with relevant methodology, and with data available on electricity & gas consumption. To convert energy consumption figures to greenhouse gas emissions, emission factors obtained from invoices and references to third-party documents were used (including electricity & gas consumption data, and carbon intensity factor that are available on bills and sustainability reports from electricity & gas provider respectively).

The total greenhouse gas emissions of the Group in the Reporting Period was estimated to be approximately **618 tCO2e.**

Waste Management

The Group strives to reduce waste production in its operation activities. The Group produced various non-hazardous wastes in its operation activities, including waste oil, food wastes, paper wastes and waste water. Waste oil is mainly generated from restaurant's kitchen. Food wastes are mainly generated from cooking and unconsumed food by customers and paper wastes refer to used napkins from restaurants and Group office. Waste water is produced as a result of daily restaurant operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To minimize food wastes, the Group has established centralised warehouses for the purchase, delivery and distribution of food ingredients and other supplies. Waste management guidelines and procedures such as *Inventory Control Guideline* are in place to ensure efficient inventory control. Restaurant Assistant Shop Manager and the Head Chef are both responsible for managing the food and drink preparation process, as well as minimizing non-consumed, i.e. food wastes. The Head Chef would also provide regular training to other employees on proper usage and the mix of food, beverages, and vegetables materials for all dishes and drinks to avoid wastage.

All of the Group's food wastes and waste oils are handled by licensed waste disposal companies, and are treated properly according to related regulations.

Waste water generated by restaurants in the HKIA shall be collected from the central drainage system and treated before discharge, where other restaurants discharge daily waste water to the public drainage in accordance with relevant regulations.

To control paper waste from daily operations, all staff are encouraged to use electronic messages and print on both sides of paper.

The Group will continue exert additional attention to waste management, and to the compliance of all applicable laws and regulation.

During this Reporting Period, the Group has generated the following of waste from its activities mentioned:

Waste Materials	Quantity	Unit
Waste Oil	7,476	Litres
Grease Trap Waste	36	Cubic metres
Non-Hazardous Daily Waste	846,083	Litres

Table 3. Waste Generation Quantities

In addition, considering its business nature, the Group is not involved in any significant consumption of hazardous chemical reagents, and thus no hazardous waste figure was recorded in this Reporting Period.

Use of Resources

The Group actively promotes "Green" culture and "Eco-Friendly" practices by maintaining an efficient consumption practice throughout its operations, at the same time protecting the environment. Measures including reusing resources, reducing waste, and recycling. In addition, "Green" operation in the supply chain and workplace have been adopted.

Energy (Town gas and electricity)

In line with its "Green" culture, the Group actively promotes the concept of smart usage of energy in all operating premises. The main source of energy for the Group's operation are Towngas and electricity. To ensure efficient energy consumption in restaurants, the Head Chefs at each restaurant are delegated to manage and guide employees on efficient consumption of energy. The Group also invested into energy saving technologies, such as LED lighting system in both the warehouse and head office. In addition, notices on energy-saving are issued to our staff to raise awareness on energy conservation. Other initiatives implemented on energy-saving are set out as follows:

- All electrical appliances including air-conditioners and lights have to be turned off in a timely manner and after work;
- Energy-saving LED lights are installed whenever possible;
- The use of natural ventilation is encouraged whenever feasible; and
- Unused and idle appliances have to be turned off in a timely manner.

An "*Energy Consumption Key Performance Indicator Scheme*" was also implemented within the Group to monitor on the use of town gas and electricity, and associated air pollutants and greenhouse gas emissions. It also serves as a reminder for better consumption practices.

Water

During the Reporting Period, the Group did not encounter any issues in sourcing water for business operations. In addition to its efforts on energy conservation, the Group is also working closely with its employees on water conservation measures. Water meters are installed to record the water usage pattern and Head Chefs regularly monitor the volume of water used in restaurants for better consumption management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Packaging materials

The Group's restaurants consume various takeaway food packaging, such as food containers, cups, and bags. The Group recognized the increased demand of takeaway orders as a result of dine-in restrictions imposed during the COVID-19 pandemic, and has started using takeaway food packaging manufactured by recycled materials, to help reduce the environmental impact associated with increased takeaway dining, and to demonstrate the Group's support to a green environment. The Group will continue to explore opportunities of increasing the use of recyclable packaging materials during its operations. In addition, with the objective of discouraging the use of takeaway containers, the Group's restaurants charge a levy on such usage.

Paper

The Group intends to reduce any unnecessary paper usage by fostering a paperless working environment. Employees are encouraged to:

- facilitate information sharing via electronic tools such as emails, messages and USB storage to replace paper files, sketches and letters; and

- print paper on both sides, and to use only recycled paper.

The Group has monitored its paper usage associated with its operations, including paper used in offices and in restaurant branches. The total paper consumption during the Reporting Period was estimated to be about 1,279 kg.

For continuous monitoring purpose, the Group has also established a "*Key Performance Indicator Performance Scheme*" on water, materials and paper consumption. Results are reviewed periodically by the Group's management for further improvement.

The Environment and Natural Resources

As the Group is mainly engaged in food production and restaurant operation, the Group constantly reminds its employees to be cautious on consumption, especially on electricity and water, and tries to conserve and minimise the Group's resource consumption footprint. Conservation initiatives were thus implemented throughout this Reporting Period, and details are explained in the "Use of Resources" section.

Summary

Since COVID-19 led to the reduced scale of operations of the Group's restaurant business, especially for restaurants operating at the HKIA, the Group's consumption and associated emissions have reduced significantly for this Reporting Period.

The consolidated data with respect to environmental key performance indicators (KPIs) regarding emissions and resource consumption associated with the Group during the Reporting Period are summarized in the following table:

Environmental KPIs

Category	Unit	2019-2020	2020-2021
Energy Consumption			
Total Energy Consumption	GJ	7,990	4,788
Petrol Consumption	GJ (L)	73 (2,100)	75 (2,161)
Diesel Consumption	GJ (L)	290 (7,492)	68 (1,763)
Electricity Consumption	GJ (kWh)	4,465 (1,240,268)	2,444 (678,795)
Town Gas Consumption	GJ (unit)	3,162 (65,880)	2,201 (45,856)
Total Energy Consumption Intensity	GJ/1000 customers	11.25	15.96
Greenhouse Gas Emissions			
Total Greenhouse Gas (GHG) Emissions	t CO_2e	1,055	618
Scope 1 — Direct Emissions	t CO_2e	193	127
Carbon Dioxide (CO_2) Emissions	t	192	127
Methane (CH_4) Emissions	kg	1.6	0.8
Nitrous Oxide (N_2O) Emissions	kg	2.9	2.5
Scope 2 — Energy Indirect Emissions	t CO_2e	827	468
Scope 3 — Other Indirect Emissions	t CO_2e	34.7	23.1
Paper Waste Disposed At Landfills	t CO_2e	8.4	6.1
Fresh Water Processing	t CO_2e	22.4	14.6
Sewage Processing	t CO_2e	3.5	2.3
Employee Business Travel	t CO_2e	0.5	0
Total GHG Emissions Intensity	t CO_2e/ 1000 customers	1.49	2.06
Air Emissions			
Nitrogen Oxides (NO_x) Emissions	kg	95.4	24.2
Sulphur Oxides (SO_x) Emissions	kg	0.2	0.1
Particulate Matter Emissions	kg	9.4	2.3
Waste Management			
Waste Oil	L	8,904	7,476
Grease Trap Waste	m^3	–	36
Non-Hazardous Daily Waste	L	1,889,934	846,083
Use of Resources			
Paper Consumption	kg	1,746	1,279
Paper Consumption Intensity	kg/1000 customers	2.46	4.26
Water Consumption	m^3	24,596	16,094
Water Consumption Intensity	m^3/1000 customers	34.6	53.6
Total Packaging Material	pieces	814,104	663,211
Total Packaging Consumption Intensity	pieces/ 1000 customers	1,146	2,211

Table 4. Environmental Performance Summary Table

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL

Restaurant operation requires the support of a diverse and skilful workforce, and the Group's senior management considers the Group's employees as valuable asset. The Group strives to provide a competitive benefit scheme, as well as a stable and safe working environment for its employees in order to attract and retain talents.

In order to continue to grow sustainably and responsibly, the Group has established a strategic scheme to manage its employment, employee benefits, and corporate governance, and to ensure that it is in full compliance with the relevant local laws and regulations. Details on the management measures implemented by the Group are elaborated in following sections.

Employees

Since a motivated and balanced workforce is crucial to the success, sustainability and continued growth of the Group's business, the Group is dedicated to offer a safe, equal and healthy working environment for all of its employees.

During the Reporting Period, the Group was in full compliance with all the applicable laws and regulations towards employment arrangements, and it is also committed to provide equal opportunities on recruitment, promotion, compensation and benefits, and establishes a pleasant, harmonious, safe and healthy working environment.

The Group strives to strengthen its human resources management with employee-oriented policies to protect the interests and legal rights of the employees, and ultimately to achieve a positive, constructive and harmonious relationship between the Group and its employees.

The Human Resources Manager is assigned to implement the Group's human resources strategies and policies. This includes wages and salaries, holidays, severance and compensation pay, performance assessment, accidents and injuries, as well as safety and health topics. All employment terms and conditions are clearly listed in the *Employment Rules and Regulations and Employment Contract*, and are in full compliance with relevant employment-related ordinances of the HKSAR.

The Group provides various benefits to qualified employees, including but not limited to Mandatory Provident Funds (MPF), employee compensation insurance and compensation and statutory holidays pursuant to the requirements of the laws of the HKSAR.

The Human Resources Manager regularly updates the "Employment Record" with breakdown of total number of employees in different levels, sectors, genders, ages and qualifications to assist the Group's management to constantly monitor and analyse the Group's employment situations for adjustments in human resources strategy.

Further information on employee remuneration, workforce diversity and training are discussed in the below sections.

Employment & Remuneration

In order to attract and retain talents, the Group rewards its employees with competitive remuneration packages (including competitive wages, incentives and discretionary performance bonus, transportation allowance and staff meals), along with promotion opportunities and discretionary grant of share options. Remuneration packages are constructed with reference to the prevailing market level, in line with the competency, performance, qualification and experience of each individual employee.

Performance bonus and share options are given to outstanding employees on a discretionary basis, and as a recognition of his/her contributions toward the Group.

During the Reporting Period, all of the Group's employees are also entitled to MPF pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of Laws of Hong Kong), as well as employee compensation insurance pursuant to Employees' Compensation Ordinance (Chapter 282 of Laws of Hong Kong). In addition, all employees received payment of salaries and wages on time and are entitled to statutory holidays, annual leaves and sick leaves. In addition, policies on remuneration, benefits, training and occupational health and safety are regularly reviewed, and disciplinary action would be taken if act of serious misconduct are identified.

All details listed above are included in the Group's *Employment Rules and Regulations Policy*, which is constructed in accordance with the *Employment Ordinance* (Chapter 57 of Laws of Hong Kong), and the Group shall continue to monitor its compliance with related Ordinances as listed above.

Remuneration Committee

To ensure the Group's remuneration scheme remains competitive, the Group established its Remuneration Committee in 2016. The Remuneration Committee's primary duties include making recommendations to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general employees. The Remuneration Committee also ensures that none of the Directors or any of their associates determine his or her own remuneration. During the Reporting Period, the Remuneration Committee consists of three members, namely Mr.CAI Chun Fai, Mr. WONG Man Wai and Mr. NG Sai Cheong, where Mr. CAI is the chairman of the Remuneration Committee.

During the Reporting Period, Remuneration Committee conducted 1 meeting, and with the purpose to perform the following:

1) reviewed the remuneration and compensation package of the Directors and the senior management with reference to, among other things, the market level of salaries paid by comparable companies

2) reviewed the respective responsibilities of the Executive Directors and the senior management and the performance of the Group; and

3) made recommendations to the Board regarding salaries of the executive Directors and senior management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Retirement Benefit Scheme

All qualifying employees of the Group are entitled to MPF.

During the Reporting Period, total contributions paid to the MPF scheme by the Group amounted to approximately HK$669,000 (2020: approximately HK$1,099,000), which had been recognised as expenses and included in staff costs in the consolidated statement of profit or loss and other comprehensive income.

Equal Opportunities, Diversity and Anti-Discrimination

Equal opportunities are given to employees in respect of recruitment, promotion, training and development, job advancement, compensation and benefits and other aspects of employment practices. The diversity of employees provides the Group with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. The Group is committed to providing a discrimination-free working environment, where career opportunities will not be held back on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable laws. All successful recruitment will include a proper and standardized contract in writing between the respective employees and the Group.

As of 31 March, 2021, the Group had a total of 99 employees. All employees of the Group are based in Hong Kong. A breakdown of the Group's workforce is set out as below:

	Employee Type		Gender		Age Distribution				
Total	**Full Time**	**Part Time**	**Male**	**Female**	**Below 30**	**30–40**	**41–50**	**51–60**	**Above 60**
99	70	29	51	48	50	26	14	4	5

Table 5. Employee Diversity

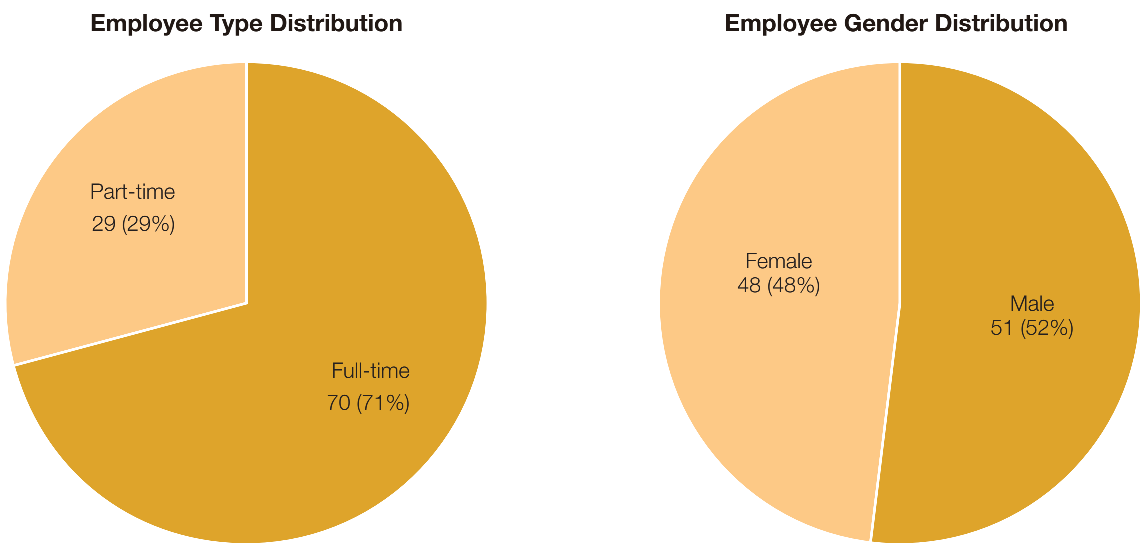

Chart 1 & 2 — Employee Type and Gender Distribution

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

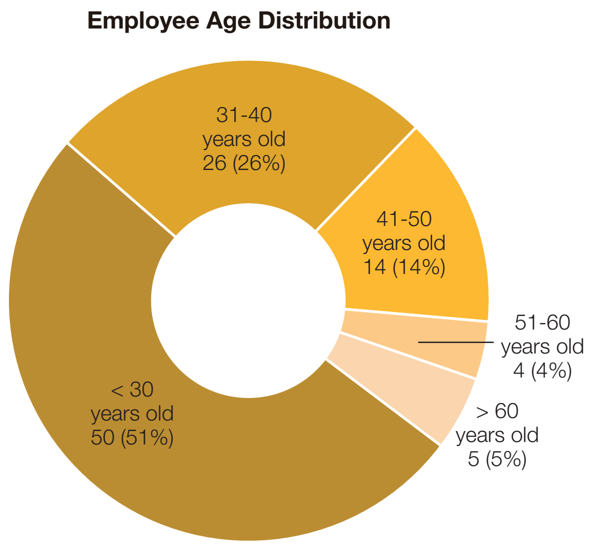

Chart 3 — Employee Age Distribution

During the Reporting Period, the Group has not identified any material non-compliance with employment-related laws and regulations, and no incidents of discrimination were reported.

Occupational Health and Safety

Operational health and safety are treated as one of the top priorities in the Group, and the Group strives to maintain high standards in occupational safety and health, fostering a safe and comfortable working environment for its employees.

The Group's *Employment Rules and Regulations Policy* is implemented as a guideline for employees' daily operation practices, recommending the appropriate conduct during operation and it is consistently implemented in all premises of the Group (ie: restaurants, warehouses and head office).

All of the Group's premises are equipped with first aid kits, and safety response procedures are in place to handle emergency cases. Regular safety inspections were conducted by relevant government departments to ensure safe working conditions are maintained, and the Group obtained verified compliance pass for each of the inspections. Furthermore, internal control manual outlines guidelines on occupational and restaurant safety matters for kitchen operation, and it is a strict requirement for all kitchen employees to follow the guidelines. Safety and workplace hygiene trainings are also arranged as a mandatory requirement for all restaurant employees.

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Other housekeeping safety guidelines are set out as follows:

General restaurant safety

1. The surface of all the floors of restaurants and office premises shall be maintained even and non-slippery, and effective drainage should be installed in kitchen to prevent accumulation of water. Employees working in kitchen should wear non-slip shoes to prevent accidents;

2. Floor surface in the kitchen area should be laid with non-slip tiles;

3. Knives should be kept safely with blades protected and only used for the intended job;

4. Containers for hot water or oil should not be overfilled and should be properly placed. Handles of cooking pans should be kept away from aisles. Employees should wear proper work clothes, protective gloves and aprons;

5. Materials and operating equipment in all workplaces should be stored, stacked or arranged in such a manner that no danger would be caused to any person; and

6. First-aid boxes should be available to employees in all workplaces and placed at easy to access locations.

Fire safety

1. Doors, gates and shutters shall always be kept unfastened or unlocked or otherwise fastened in such a manner that they can easily be opened from indoor without a key in case there are people inside the workplace. The escape path shall remain unobstructed to provide a safe means of escape in case of fire. There should be a conspicuously placed illuminated sign bearing the word “EXIT” in both English and Chinese;

2. The means of escape should be clearly and accurately illustrated in floor plans. The floor plans should be properly displayed at prominent places in the workplaces, and easily viewed by all;

3. Fire warning system should be regularly tested, and a record of these tests should be kept by the Administration Department;

4. Adequate, and regularly checked fire extinguishers shall be provided/maintained and so placed as to be readily available for use;

5. Employees should be aware of the location and the appropriate use of the fire extinguishers;

6. Adequate and sufficient training in fire safety at workplaces should be provided regularly at suitable intervals to all the employees working in the premises; and

7. Notices should be displayed in all conspicuous positions in the workplaces to highlight the action to be taken on discovering a fire. All fire instruction notices should be framed and glazed or otherwise sealed to prevent loss or defacement and be permanently fixed in position.

The Group also implemented an Accident Reporting Guideline, pursuant to which any injury or accident occurring at restaurants or warehouse. Regardless of the type and seriousness of the injury and accidents, they must be reported to the head office.

During this Reporting period, the Group had no material non-compliances with relevant standards, rules and regulations, and had no major accident encountered. The Group has recorded a total of one work injury incident in this Reporting Period.

COVID-19 Response

To protect its customers and staff from the spreading of COVID-19, the Group provided additional air purification systems at a number of its restaurants, in addition to the introduction of a set of health and safety policies.

Employees working at the Group's restaurants are required to take daily temperature readings prior to the start of their work shift, and are required for wear face masks provided by the Group. The Group's employees are encouraged to replace their face masks after meals or if they suspect there may be damaged, to ensure that the face masks provide the intended level of protection.

Additionally, the floor and seats of the Group's restaurants are disinfected twice daily. All dining utensils also require disinfection prior to use by the customers. Dining tables are also thoroughly cleaned with disinfectants in between customers.

As at the data of this ESG Report, in accordance with Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Cap.599F), employees at the Group's restaurant outlets are required to take the COVID-19 test every two weeks. In addition, customers are required to register their visits to the Group's outlets using the LeaveHomeSafe app or by completion of a written form.

Development and Training

The Group supports its employees to undertake life-long learning and enhance their work-related skills and knowledge. The Group customizes various types of in-house training programme for employees to improve their overall skills relevant to work, and for the benefit of the employees to provide them with necessary skills for further career advancement, including (i) general training; and (ii) Directors' training.

General training

As the Group's guiding policy, orientation programme and on-job training are provided for newly employed staff, and for those who have been relocated to a new position to ensure that they can be familiar with the new working conditions. The orientational programme covers specific job requirements, as well as safety and environmental practices. Furthermore, the Group encourages employees to actively participate in work-related trainings organized by external institutions, such as Integrated Vocational Development Centre, the School of Continuing and Professional Education, and local universities, to enhance individual professional knowledge and their personal abilities. Tuition fees may be subsidized by the Group on application, subject to approval by the Group's senior management. The Human Resource Manager has maintained records for internal and external training programs participated by the Group's employees.

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General training — Daily Restaurant Debriefing

The Assistant Restaurant Manager and the Head Chef of each restaurant also conduct daily debriefing with all the employees of the restaurant for matters of attention, including any recent incidents that occurred at the restaurant, customers comments and suggestions, changes in food and drinks menus, material changes in weather and traffic conditions, restaurant hygiene and cleanliness as well as areas for improving the quality of service. During the daily debriefing, comments from the employees are encouraged and brought up for discussion.

During the Reporting Period, the Group's employees received a total of 65 hours of training.

Supply Chain Management

Food and catering businesses involve working with a diversified group of companies, and the Group values the mutual benefits that can be gained from a long-lasting relationship with reputable suppliers to provide high quality products. As the Group operates several popular restaurants in locations across Hong Kong, the Group has implemented various effective and consistent Group-wide Supply Chain Management Schemes, (ie: *Internal Control Purchase Manual and Approved Suppliers List ("**ASL**")*, covering restaurant activities include sourcing for food ingredients, food products, beverages, utensils and other ancillary equipment purchases. Other supply chain activities that are covered under such schemes also include engagements with external licensing consultants, pest control companies, renovation, repair and maintenance service companies, cleaning companies, and suppliers of office supplies.

The Group principally purchases from its ASL that is constructed based on criteria set forth from the *Internal Control Purchase Manual*. Supplier shall be assessed according to its product and service quality and stability offered, and along with general reputations from the specific supplying company. Specific criteria such as price, quality of products, customer service team responsiveness, capability and experience shall all be assessed during the selection process. Quality of suppliers in the ASL shall be reviewed regularly to ensure the quality is maintained, and immediate removal from the list shall be performed in case suppliers are identified not meeting the Group's standard.

As a support to local economy and to ensure flexibility of supplies, the Group sources from reputable local suppliers. The Group also procures recycled packaging materials for food delivery as a means to support "Green" practices.

The Group monitors the reputation of the supplier's performance in business ethics, environmental protection, human rights and labour practices, and it will take note of such details during the procurement process.

During this Reporting Period, the Group did not identify any cases of suppliers failing to meet the Group's requirements.

Product Responsibility

Serving high quality of food to customers is the core and guiding principle of the Group, and as part of the "product responsibility". Details on food quality management is stated in the Group's *Internal Control Manual, Employee Rules and Regulations and Contracts*, a summary of which is set out below:

Food Quality

Quality of food and hygiene and safety is one of the most important aspects of the Group's business, and a series of strict internal quality control standards are implemented across the operation processes as summarised below to ensure the quality, hygiene and safety of food served to its customers:

- Purchase, Storage, Preservation and Inventory Control — Perishable food ingredients are kept at an inventory level sufficient for not more than one day, and non-perishable food ingredients, including frozen meat, are kept in the centralised warehouse at an inventory sufficient for at most 3 days of operation in order to maintain freshness. Any unused vegetables would be discarded at the end of each day.

- Suppliers — to ensure the quality of food ingredients, the Group only purchases from reliable and approved suppliers, who have proven track records on maintaining excellent food hygiene and safety.

- Food Preparation — to ensure the freshness and the safety of the served food, employees are trained with food safety handling and food processing procedures such as washing, cutting, seasoning, cooking and serving are carried out by kitchen staff under the supervision of the Head Chefs. Employees working in the kitchen are also required to use different sets of cutting boards and knives for processing raw food and cooked food. All dishes shall be freshly made in the kitchen and served to customers as soon as possible, which reduces the risk of food contamination. Also, raw food and cooked food are stored separately to avoid cross-contamination. All used food processing equipment will be cleaned thoroughly before it is used for processing another dish. Used utensils are collected, washed and dried after use by customers.

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Hygiene Manager and Hygiene Supervisor Scheme

The Group is committed to food and environment hygiene, and to maintaining food safety in restaurants. For restaurants with capacities of less than 100 customers, the Group employs a Hygiene Manager, while for restaurants that can accommodate 100 or more customers, the Group appoints a hygiene manager together with a Hygiene Supervisor. Hygiene Managers and Hygiene Supervisors are responsible for:

a) inventory control of raw food, meats, fruits and materials for cooking;

b) monitoring cooking methods and processes, and the overall quality of cooked food and drinks for serving customers;

c) monitoring the cleanliness of the floor, furniture and fixtures, utensils and equipment;

d) monitoring employees' uniforms and personal hygiene; and

e) monitoring the overall cleanliness and hygiene of the restaurant (including washroom).

In this Reporting Period, the Group's restaurants have satisfied all legal requirements and operated with valid operation licenses that includes the general restaurant licenses, light refreshment license, liquor license and water pollution control license. The Group also confirmed that no material complaints or claims on served food was received, none of the Group's restaurants was subject to any investigation on food hygiene by government authorities due to food safety, and there was no identified case of material non-compliance with laws and regulations relating to food hygiene matters in this Reporting Period.

Labour Standards

In addition, the Group is cautious to comply with all laws and regulations relating to labour standards, as it highly respects human rights and freedom, and the uses of child, illegal and forced labour are strictly prohibited. Recruitment personnel conducts careful verification on the job applicant's identification documents to confirm his/her actual age and to ensure legal employment during the recruitment process. Personal information and credentials of job applicants are kept in a secured data system, which is only accessible to restricted employees for human resource purposes.

The Group is also committed to prohibit any act of forced labour. Terms on working hours, rest and leave entitlement, labour protection and termination of employment are clearly laid out in the employment contract and in compliance with *Employment Ordinance (Chapter 57 of the Laws of Hong Kong)*.

In this Reporting Period, the Group has not identified any non-compliance in relation to child or forced labour-related laws and regulations.

Customer Service

The Group values comments from its customers, and it aims to improve continuously. Feedbacks and comments are regularly reviewed, as complaints are promptly and fairly investigated and resolved. As a result, the Group has earned trusted relationships with its broad customer base through providing excellent customer services. Details on the Group's procedure regarding handling customer complaints are elaborated below:

- Customer complaints shall be mainly handled by the Assistant Shop Manager, as reasonable resolution shall be offered immediately where possible, which includes improvement on the flavor of the particular ordered dishes in accordance with the customers' expectations, or to offer to exchange the unsatisfactory dish for another dish to customers if necessary.

The Assistant Shop Manager shall also be responsible for handling complaints toward the service quality of a particular employee, and proper response shall be offered to the customer. Details shall be collected and recorded for internal review by the senior management and directors for future improvement.

During this Reporting Period, the Group had not received any complaints from customers that had any material adverse impact on the Group's brands, business and results of operation. The Group however, maintains a "Customer Complaint Record" as a KPI for the management to be alert of the situation and to review.

Data Privacy Compliance

The Group is dedicated to protecting the information privacy and confidentiality. As the Group receives a substantial volume of private, confidential and sensitive information from its operation, employees are instructed and trained to handle confidential information with due care. Confidential clause is included in agreements or proposals signed by the Group, where clauses included shall be strictly implemented and details and related information shall not be disclosed to third party at any time.

The Group will stay alert to the relevant legal issues and update its internal policies when necessary to avoid any breach of the regulatory requirements in regards to data security.

The Group was not involved in any non-compliance incidents concerning data privacy in this Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Protection of Intellectual Property

As at 31 March 2021, the Group owned 12 trademarks in Hong Kong. The Group's senior management is fully aware that intellectual property rights are material to business. The Group respects intellectual property rights, for example all recipes were developed in-house and software installed in computers are genuine.

During this Reporting Period, the Group is not aware of any third-party infringement on its trademarks and has fully complied with relevant laws and regulations, including *Trade Marks Ordinance, Copyright Ordinance, Trade Descriptions Ordinance and the Personal Data (Privacy) Ordinance (Chapter 486 of the HK Laws)*, and there was no incidents concerning data privacy. The Group will stay alert to the relevant legal issues and update its internal policies when necessary to stay in compliance with regulatory requirements.

Anti-Corruption

The Group values employees' business conduct, integrity, ethics and discipline, and in order to create an environment of anti-corruption and anti-fraud, the Group has implemented a strict "Internal Control System" in relation to purchases, sales, operation, finance and code of conduct of the Group's senior management. The Audit Committee oversees the internal control systems and is authorized by the Board to conduct regular reviews on internal control systems so as to:

- regulate the conduct and behaviour of employees;
- create an atmosphere of integrity and dedication; and
- prevent prejudice to the Group's interest.

Employees in charge of finance and accounts have been given training and briefings on anti-money laundering and are responsible for whistle-blowing and taking up remedial actions in case suspicious activities are identified. They are encouraged to raise concerns about possible improprieties in any matter related to the Group such as misconduct and malpractice. Disciplinary action would be taken by the Group should any employee is found guilty of corruptive acts.

During this Reporting Period, the Group was not involved with any action of non-compliance to legal regulations and laws, relating to corruption, bribery, extortion, fraud and money laundering.

COMMUNITY INVOLVEMENT

The Group's senior management acknowledges that it is equally important to generate profits to Shareholders and to be socially responsible to care, serve and give back to our community wherever it is needed. The Group's senior management consistently seek out opportunities to support social initiatives, and details of the Group's activities can be found in the following section:

Community Investment

As a responsible corporation, the Group encourages employees to carry out voluntary services to support and to contribute to society, the local community and those in need. During the Reporting Period, the Group has made a number of charitable donations to parties in need through local charitable organizations, amounting to a total of over HK$100,000. The Group will continue its efforts in supporting the communities and identify suitable opportunities for contribution.

INDEPENDENT AUDITORS' REPORT

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F Gloucester
Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
ROYAL CATERING GROUP HOLDINGS COMPANY LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Royal Catering Group Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 69 to 141, which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

INDEPENDENT AUDITORS' REPORT

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from restaurants operations *Refer to note 7 to the consolidated financial statements* We identified revenue recognition from restaurants operations as a key audit matter as revenue recognition is quantitatively significant to the consolidated statement of profit or loss and other comprehensive income and material revenue transactions may occur close to the end of the reporting period.	Our procedures in relation to revenue recognition from restaurant operations included, but were not limited to: • Obtaining an understanding of the Group's revenue recognition policy for restaurant operations; • Obtaining an understanding of the revenue business process and key controls for validity of revenue recognition from restaurant operations; and • Performing test of details, on a sample basis, by comparing the details and amounts of the transactions selected with the details and amounts shown on the underlying documentation, including the journal vouchers and sales invoices. We found that the amount and timing of the revenue recognised were supportable by available evidence.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment, right-of-use assets and intangible assets *Refer to notes 16, 17 and 18 respectively to the consolidated financial statements* We identified the impairment of property, plant and equipment, intangible assets and right-of-use assets as a key audit matter due to the significance of the balance of these operational assets on the consolidated statement of financial position at 31 March 2021 and the significant management estimation involved in determining the recoverable amounts of cash generating units to which property, plant and equipment, right-of-use assets and intangible assets were allocated. The Group recorded property, plant and equipment, right-of-use assets and intangible assets of approximately HK$33,688,000, HK$351,000 and HK$1,365,000 at 31 March 2021 respectively and impairment loss of amount of approximately HK$2,520,000, HK$990,000 and HK$22,000 were recognised respectively for the year ended 31 March 2021. As disclosed in note 5 to the consolidated financial statements, that management determined whether property, plant and equipment, right-of-use assets and intangible assets are impaired requires an estimation of the recoverable amount of individual assets or the cash generating units to which the assets belongs using a value in use calculation. Management's estimation is primarily based on the cash flow projections and the discount rate.	Our procedures in relation to impairment of property, plant and equipment, right-of-use assets and intangible assets included, but were not limited to: • Inquiring the management on their identification of impairment indicators and their method used for the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets of cash generating unit; • Evaluating the appropriateness of the valuation methodology and assumption of pre-tax discount rate used in determining the recoverable amount; and • Evaluating the appropriateness of other key assumptions and inputs, including the growth rate, revenue and other operating expenses by comparing to historical performance and relevant operation plans. We found that management's impairment assessment of property, plant and equipment, right-of-use assets and intangible assets were supportable by available evidence.

INDEPENDENT AUDITORS' REPORT

OTHER INFORMATION

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

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

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

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Ng Ka Wah.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Ng Ka Wah
Practicing Certificate Number: P06417

Hong Kong, 24 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	7	**42,707**	68,837
Cost of inventories sold		**(8,859)**	(13,854)
Gross profit		**33,848**	54,983
Other revenue and other income	8	**13,223**	5,511
Staff costs		**(20,478)**	(33,715)
Depreciation expenses		**(4,742)**	(24,031)
Property rentals and related expenses		**(1,849)**	(4,847)
Fuel and utility expenses		**(1,708)**	(2,731)
Impairment loss recognised in respect of property, plant and equipment		**(2,520)**	(5,983)
Impairment loss recognised in respect of right-of-use assets		**(990)**	(19,404)
Impairment loss recognised in respect of intangible assets		**(22)**	(6,321)
Impairment loss recognised in respect of prepayment		**(1,629)**	–
Allowance for expected credit losses in respect of other receivables		**(1,300)**	–
Unrealised loss arising on change in fair value of financial assets at fair value through profit or loss		**–**	(53)
Administrative expenses		**(16,051)**	(28,256)
Loss from operations		**(4,218)**	(64,847)
Share of results of associates		**(8)**	(77)
Finance costs	9	**(935)**	(1,943)
Loss before tax	10	**(5,161)**	(66,867)
Income tax credit/(expense)	13	**1,686**	(1,045)
Loss and total comprehensive loss for the year		**(3,475)**	(67,912)
(Loss)/profit and total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(4,098)**	(65,476)
Non-controlling interests		**623**	(2,436)
		(3,475)	(67,912)
Loss per share			
Basic and diluted loss per share (HK cents)	15	**(0.16)**	(2.48)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	16	**33,688**	33,336
Right-of-use assets	17	**351**	4,435
Intangible assets	18	**1,365**	1,525
Interest in an associate	19	**98**	734
Interest in a joint venture	20	**–**	–
Rental deposits and prepayments	23	**1,893**	10,163
Deferred tax asset	30	**836**	549
		38,231	50,742
Current assets			
Inventories	21	**261**	303
Trade receivables	22	**1,560**	166
Deposits, prepayments and other receivables	23	**4,911**	8,642
Prepaid tax		**97**	286
Cash and cash equivalents	25	**44,862**	39,456
		51,691	48,853
Current liabilities			
Trade payables	26	**1,418**	804
Accruals and other payables	27	**9,077**	12,138
Tax payables		**519**	2,056
Amounts due to non-controlling interests	24	**–**	97
Bank borrowings	28	**15,500**	1,934
Lease liabilities	29	**9,270**	14,544
		35,784	31,573
Net current assets		**15,907**	17,280
Total assets less current liabilities		**54,138**	68,022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current liabilities			
Lease liabilities	29	**688**	9,677
Deferred tax liability	30	**225**	245
		913	9,922
Net assets		**53,225**	58,100
Capital and reserve			
Share capital	31	**26,434**	26,434
Reserves		**26,791**	31,299
Equity attributable to owners of the Company		**53,225**	57,733
Non-controlling interests		**–**	367
Total equity		**53,225**	58,100

The consolidated financial statements were approved and authorised for issue by the board of directors on 24 June 2021 and signed on its behalf by:

Wong Man Wai	**Lam Wai Kwan**
Director	*Director*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000 *(Note)*	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$000
At 1 April 2019	26,434	113,760	2,750	(21,037)	121,907	11,855	133,762
Loss and total comprehensive loss for the year	–	–	–	(65,476)	(65,476)	(2,436)	(67,912)
Dividend paid to non-controlling interests	–	–	–	–	–	(2,000)	(2,000)
Acquisition of additional interests in subsidiaries *(note 33)*	–	–	–	1,302	1,302	(7,052)	(5,750)
At 31 March 2020 and at 1 April 2020	26,434	113,760	2,750	(85,211)	57,733	367	58,100
(Loss)/profit and total comprehensive (loss)/income for the year	–	–	–	(4,098)	(4,098)	623	(3,475)
Acquisition of additional interest in a subsidiary *(note 33)*	–	–	–	(410)	(410)	(990)	(1,400)
At 31 March 2021	**26,434**	**113,760**	**2,750**	**(89,719)**	**53,225**	**–**	**53,225**

Note: Share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options at grant date. The amount for each period is determined by spreading the fair value of the share options over the relevant vesting period (if any) and is recognised as staff costs and related expenses with a corresponding increase in the share option reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Loss before tax		**(5,161)**	(66,867)
Adjustments for:			
Interest income	8	**(7)**	(325)
Dividend income	8	**–**	(405)
Finance costs	9	**935**	1,943
Impairment loss recognised in respect of property, plant and equipment	16	**2,520**	5,983
Impairment loss recognised in respect of right-of-use assets	17	**990**	19,404
Impairment loss recognised in respect of intangible assets	18	**22**	6,321
Impairment loss recognised in respect of prepayment	23	**1,629**	–
Allowances for expected credit losses in respect of other receivables	23	**1,300**	–
Unrealised loss arising on change in fair value of financial assets at fair value through profit or loss		**–**	53
Amortisation of intangible assets	18	**138**	1,196
Depreciation of property, plant and equipment	16	**1,648**	7,435
Depreciation for right-of-use assets	17	**3,094**	16,596
Share of results of associates		**8**	77
Covid-19-related rental concession	8	**(6,169)**	(2,300)
Loss on written-off of property, plant and equipment	10	**–**	1,134
Loss on derecognition of leases	10	**–**	1,384
Operating cash flows before movements in working capital		**947**	(8,371)
Decrease in inventories		**42**	282
(Increase)/decrease in trade receivables		**(1,394)**	1,001
Decrease/(increase) in deposits, prepayments, and other receivables		**4,587**	(693)
Decrease in amounts due from non-controlling interests		**–**	1,200
Increase/(decrease) in trade payables		**614**	(1,072)
Decrease in accruals and other payables		**(3,061)**	(199)
Decrease in amounts due to non-controlling interests		**–**	(4,125)
Cash generated from/(used in) operations		**1,735**	(11,977)
Tax refund/(paid)		**31**	(2,311)
Net cash generated from/(used in) operating activities		**1,766**	(14,288)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from investing activities			
Interest received		**7**	325
Purchase of property, plant and equipment		**(132)**	(6,934)
Prepayment of property, plant and equipment		**–**	(1,170)
Dividend received		**628**	2,085
Proceeds from disposal of unlisted investment funds		**–**	35,279
Net cash generated from investing activities		**503**	29,585
Cash flows from financing activities			
Dividend paid to non-controlling interests		**–**	(2,000)
Interest paid		**(79)**	(254)
Proceeds from bank borrowings		**15,500**	–
Repayment of bank borrowings		**(1,934)**	(7,539)
Acquisition of additional interests in a subsidiary		**(1,400)**	(5,750)
Repayment of lease liabilities		**(8,950)**	(15,910)
Net cash generated from/(used in) financing activities		**3,137**	(31,453)
Net increase/(decrease) in cash and cash equivalents		**5,406**	(16,156)
Cash and cash equivalents at the beginning of the reporting period		**39,456**	55,612
Cash and cash equivalents at the end of the reporting period	25	**44,862**	39,456

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL

Royal Catering Group Holdings Company Limited the ("Company") was incorporated in the Cayman Islands on 19 August 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is Unit 1201, 12th Floor, Great Smart Tower, 230 Wan Chai Road, Wan Chai, Hong Kong. Its immediate and ultimate holding company is Fortune Round Limited, a company incorporated in the British Virgin Islands ("BVI") with limited liability and wholly-owned by Mr. Wong Man Wai ("Mr. Wong"), a director of the Company.

The Company is an investment holding company and its subsidiaries (collectively referred to as the "Group") are principally engaged in provision of casual dining food catering services in Hong Kong.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time, which are mandatory effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial position and financial performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, and HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[5]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 — 2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.
5 Effective for annual periods beginning on or after 1 April 2021.

The directors anticipate that the application of all new and amendments to HKFRSs will have a no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include 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 disclosure requirements of the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies 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 participates 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 this 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 HKFRS 16 *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.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies

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 expense of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements 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 owner of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interest in subsidiaries are presented separately from the Group's equity herein, which represent present ownership interest entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in 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 and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Business combination *(Continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the noncontrolling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Interests in an associate and a joint venture

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of an associate or a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, interest in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net interest in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the interest (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the interest. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the interest subsequently increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Interests in an associate and a joint venture *(Continued)*

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

Building	50 years
Leasehold improvements	Over the shorter of lease terms or 5 years
Furniture and fixtures	1–5 years
Catering and other equipment	1–5 years

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are recognised at cost less any accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible asset with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets *(Continued)*

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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. 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 or the group of cash-generating units) 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 cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way 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 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

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

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.

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 selling and collecting 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.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income 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.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

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. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. 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.

(ii) 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 recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other revenue and other income" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits paid and other receivables and bank balances). The amount of ECL is updated at end of the each reporting period 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 end of the reporting period. 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 end of the reporting period as well as the forecast of future conditions.

The Group always recognise lifetime ECL for trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

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, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of the reporting period 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 the 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 and 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 debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; or

- 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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

(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 one year 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 when appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(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. The Group uses a practical expedient in estimating ECL on certain trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the 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.

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 and other receivables where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, 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 definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities (including trade payables, accruals and other payables, amounts due to non-controlling interests, bank borrowings and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Cash and cash equivalents

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

Provisions

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

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

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

Contingent liabilities and contingent assets

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

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

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Revenue from contracts with customers

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 of the good or service may be transferred over time or at a point in time. Control of the good or service is transferred over time if one of the following criteria is met:

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

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

For granting of a license that is distinct from other promised goods or services, the nature of the Group's promise in granting a license is a promise to provide a right to access the Group's intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;
- the rights granted by the license directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, the Group accounts for the promise to grant a license as a performance obligation satisfied over time. Otherwise, the Group considers the grant of license as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the license is granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

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

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

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

Further details of the Group's revenue and other income recognition policies are as follows:

Revenue from restaurants operations

Revenue from restaurants operations is recognised at a point in time when the catering services are rendered.

Revenue from sales of food

Revenue from sales of food is recognised at a point in time when control of the goods has been transferred, being when the goods have been delivered to the customers.

Franchise fee income

Franchise fee income is recognised over the respective franchise period.

Interest income

Interest income is recognised by applying the effective interest rate to the gross carrying amount of a financial asset.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of- use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as lessee (Continued)

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non- lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Dividend distribution

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

Employee benefits

Retirement benefit costs

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

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

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

Short-term employee benefits

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

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

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Share-based payments

Share options granted to employees

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

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

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each 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 at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Borrowing costs

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

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other revenue and other income".

Taxation

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

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate and interest in a joint venture, 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 investment and interests 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Taxation *(Continued)*

Deferred tax (Continued)

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Related parties

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

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

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

  (ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

Categories of financial assets and financial liabilities

The carrying amounts of the Group's financial assets and financial liabilities recognised in the consolidated statement of financial position at the end of the reporting period categorised as follows:

	2021 HK$'000	2020 HK$'000
Finance assets		
At amortised cost	**51,781**	48,120
Financial liabilities		
At amortised cost	**35,953**	39,062

The Group is exposed to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include market risk (foreign currency risk and interest rate risk), credit risks and liquidity risk. Details of these financial instruments are disclosed in the notes below. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the directors. The Group does not have written risk management policies. However, the directors and senior management meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks on timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

Market risk

Foreign currency risk

The Group operates in Hong Kong and majority of transactions are denominated in HK$, United States dollar ("USD") and Renminbi ("RMB"). Foreign currency risk arises from future commercial transactions, which are denominated in a currency that is not the functional currency of the Group.

The Group is not exposed to foreign currency risk in respect of HK$ against USD as long as these currencies are pegged.

The transactions and monetary assets denominated in RMB are minimal, the Group considers there have no significant foreign exchange risk in respect of RMB.

The Group currently does not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

Market risk *(Continued)*

Interest rate risk

The Group is exposed to interest rate risk relates primarily to variable rate borrowings (note 28 to the consolidated financial statements for the details of bank borrowings). The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2020: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2020: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2021 would increase/decrease by approximately HK$65,000 (2020: HK$8,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate of bank borrowings.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, deposits, other receivables, amount due from a joint venture and bank balances.

At 31 March 2021 and 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

Trade receivables of the Group represent amounts due from various financial institutions arising from credit cards payment arrangement and amounts due from landlord arising from shopping mall promotion campaign. At 31 March 2021, the Group has concentration of credit risk as 59% and 98% of the total trade receivables was due from the Group's largest debtor and the five largest debtors respectively. At 31 March 2020, the Group did not have significant concentration of credit risk in relation to trade receivables.

The management assessed ECL by applying simplified approach on credit card trade receivables collectively taking into consideration of historical credit loss experience and forward-looking information. The management estimated the average loss rates with reference to historical observed settlement record and adjusted with forward-looking factor. As there was no recent history of default in relation to credit card trade receivables, the estimated average loss rates were insignificant. Based on estimated average loss rates, the management concluded that the lifetime ECL on credit card trade receivables are insignificant and hence no allowance for ECL of credit card trade receivables was recognised.

The management assessed ECL by applying simplified approach on trade receivables from landlord arising from shopping mall promotion campaign individually. The management estimated the loss rates with reference to historical observed settlement record, credit rating and public financial information of the counterparties and adjusted with forward-looking factor. As there was no recent history of default in relation to these trade receivables, the estimated loss rates were insignificant. Based on estimated loss rates, the management concluded that the lifetime ECL on these trade receivables is insignificant and hence no allowance for ECL was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

Credit risk and impairment assessment *(Continued)*

Deposits and other receivables

Deposits mainly consist of rental deposit paid to landlord and utility deposits. The management assesses the recoverability of the deposits individually based on the credit rating and public financial information of the counterparties and forward-looking information. The management believed that there was no significant increase in credit risk of these deposits since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2021 and 2020, the Group assessed the ECL for deposits is insignificant and thus no loss allowance for ECL is recognised.

During the year ended 31 March 2021, other receivables with gross carrying amount of approximately HK$1,300,000 became credit-impaired as the counterparties defaulted in payment and the management considered that the counterparties is unlikely to fulfill their obligation. Allowances for ECL of approximately HK$1,300,000 was recognised during the year ended 31 March 2021 (2020: Nil).

Movements of allowance for ECL recognised in respect of deposits and other receivables are as follows:

	Lifetime ECL (credit-impaired) HK$'000
At 1April 2020	–
Allowances for ECL recognised	1,300
At 31 March 2021	1,300

Amount due from a joint venture

The management continuously monitor the credit quality and financial positions of the joint venture and make periodic assessment on allowance for ECL of amount due from a joint venture. Due to default in repayment and adverse financial position of the joint venture, the management of the Company concluded that amount due from a joint venture with gross carrying amount of approximately HK$500,000 is credit-impaired. At 31 March 2021 and 2020, amount due from a joint venture was fully impaired with allowance for ECL of approximately HK$500,000 recognised.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policies have been followed by the Group since prior years and considered by the management to have been effective in managing liquidity risks.

The following table details the Group's remaining contractual maturity for its 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. Specifically, bank loans 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 maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

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.

	At 31 March 2021					
	Effective interest rate	Within one year or on demand HK$'000	Within 2-5 years HK$'000	More than 5 years HK$'000	Total undiscounted amount HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Trade payables	–	**1,418**	–	–	**1,418**	**1,418**
Accruals and other payables	–	**9,077**	–	–	**9,077**	**9,077**
Bank borrowings	**2.75%**	**15,500**	–	–	**15,500**	**15,500**
Lease liabilities	**4.60%**	**9,501**	**691**	–	**10,192**	**9,958**
		35,496	**691**	–	**36,187**	**35,953**

	At 31 March 2020					
	Effective interest rate	Within one year or on demand HK$'000	Within 2-5 years HK$'000	More than 5 years HK$'000	Total undiscounted amount HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Trade payables	–	804	–	–	804	804
Accruals and other payables	–	12,006	–	–	12,006	12,006
Amounts due to non-controlling interests	–	97	–	–	97	97
Bank borrowings	4.13%	1,934	–	–	1,934	1,934
Lease liabilities	4.60%	15,383	9,928	–	25,311	24,221
		30,224	9,928	–	40,152	39,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

Liquidity risk *(Continued)*

Bank borrowings with a repayable on demand clause are included in the "within one year or on demand" time band in the above maturity analysis. The Group's bank borrowings contain repayable on demand clause. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that these bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group's aggregate principal and interest cash outflows for bank borrowings with a repayable on demand clause. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of each reporting period.

	Maturity analysis — bank borrowings subject to a repayment on demand clause based on scheduled repayments					
	Effective interest rate	Within one year or on demand HK$'000	Within 2-5 years HK$'000	More than 5 years HK$'000	Total undiscounted amounts HK$'000	Carrying amount HK$'000
At 31 March 2021	**2.75%**	**1,072**	**16,456**	**–**	**17,528**	**15,500**
At 31 March 2020	4.13%	1,947	–	–	1,947	1,934

Fair value of financial instruments that are not measured at fair value on a recurring basis

The carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost were not materially different from their fair values at 31 March 2021 and 2020.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and to provide an adequate return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the current and prior years.

The Group is not subject to any external imposed capital requirements.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

Capital management *(Continued)*

Gearing ratio

The directors review the capital structure on annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, issue of new shares and repurchase of existing shares as well as issue of new debts or the redemption of existing debts.

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

	2021 **HK$'000**	2020 HK$'000
Total debts *(Note)*	**25,458**	26,155
Less: cash and cash equivalent	**(44,862)**	(39,456)
Net cash	**(19,404)**	(13,301)
Equity attributable to owners of the Company	**53,225**	57,733
Total debt to equity ratio	**48%**	45%

Note: Total debts include bank borrowings and lease liabilities in notes 28 and 29 to the consolidated financial statements respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations, that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgements in applying accounting policies *(Continued)*

Classification of Starz Kitchen Management Limited ("Starz Kitchen") as a joint venture

Starz Kitchen is limited liability company whose legal form confers separation between the parties to the joint arrangements and the company itself. Furthermore, there are no contractual arrangements or any other facts and circumstances that specify that the parties to the joint arrangements have rights to the assets and obligations for the liabilities of the joint arrangements. Accordingly, Starz Kitchen is classified as a joint venture of the Group. See note 19 to the consolidated financial statements for details.

Key sources of estimation uncertainty

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

Provision of ECL of financial assets

The Group applies simplified approach to assess ECL for trade receivables and applies general approach to assess ECL for deposits, other receivables, amount due from a joint venture and bank balances. Forward-looking information is also considered in ECL assessment. At each reporting date, the historical observed default rates are updated and changes in the credit status of the debtors and forward-looking information are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's financial assets are disclosed in notes 4, 22, 23 and 24 to the consolidated financial statements.

Income taxes

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

Deferred tax asset

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 March 2021 was HK$91,817,000 (2020: HK$94,126,000). Further details are disclosed in note 30 to the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Deferred tax asset *(Continued)*

Assessment of economic useful lives of property, plant and equipment and intangible assets

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

Impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generation units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

At 31 March 2021, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets subject to impairment assessment were HK$33,688,000, HK$351,000 and HK$1,365,000 (2020: HK$33,336,000, HK$4,435,000 and HK$1,525,000) respectively, after taking into account the impairment losses of HK$2,520,000, HK$990,000 and HK$22,000 (2020: HK$5,983,000, HK$19,404,000 and HK$6,321,000) in respect of property, plant and equipment, right-of-use assets, and intangible assets that have been recognised respectively.

Further details are disclosed in note 16 to the consolidated financial statements.

6. SEGMENT INFORMATION

The Group is principally engaged in provision of catering services through a chain of casual dining food catering services restaurants. Information reported to the Group's management for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no further information about operating segment is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

7. REVENUE

	2021 HK$'000	2020 HK$'000
Type of products and services:		
Restaurants operations	**42,707**	68,553
Sales of food	**–**	69
Franchise fee income	**–**	215
	42,707	68,837

All of the Group's revenue is derived in Hong Kong.

	2021 HK$'000	2020 HK$'000
Timing of revenue recognition:		
A point in time	**42,707**	68,622
Over time	**–**	215
	42,707	68,837

8. OTHER REVENUE AND OTHER INCOME

	2021 HK$'000	2020 HK$'000
Interest income	**7**	325
Dividend income	**–**	405
Government grant *(Note)*	**6,208**	200
Sundry income	**839**	928
Tips income	**–**	76
Net foreign exchange gain	**–**	62
Gain on disposal of trademark	**–**	1,215
Covid-19-related rental concession	**6,169**	2,300
	13,223	5,511

Note: During the year ended 31 March 2021 and 2020, the Group recognised government grants of HK$6,208,000 in respect of Covid-19-related subsidies, of which approximately HK$4,046,000 (2020: Nil) relates to Employment Support Scheme, HK$2,150,000 (2020: HK$200,000) relates to Food Licence Holders Subsidy Scheme, HK$10,000 (2020: Nil) relates to One-off Subsidy for eligible vehicle and HK$2,000 (2020: Nil) relates to Liquor Licensing Fee Waivers provided by the Hong Kong government.

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on bank borrowings	**79**	239
Interest on lease liabilities	**856**	1,704
	935	1,943

10. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2021 HK$'000	2020 HK$'000
Auditors' remuneration:		
— Audit service	**500**	600
— Non-audit services	**50**	92
	550	692
Cost of inventories sold	**8,859**	13,854
Amortisation of intangible assets	**138**	1,196
Depreciation of property, plant and equipment	**1,648**	7,435
Depreciation of right-of-use assets	**3,094**	16,596
Loss on written-off of property, plant and equipment	**–**	1,134
Loss on derecognition of leases	**–**	1,384
Expenses relating to short term leases	**235**	1,944
Employee benefit expenses (excluding directors' remuneration *(note 11)*):		
— Salaries, allowance and benefits in kind	**14,373**	25,231
— Retirement benefit scheme contributions	**669**	1,099
	15,042	26,330

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

11. DIRECTORS' REMUNERATION

Directors' and chief executive remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Year ended 31 March 2021				
	Directors' fees HK$'000	Discretionary bonus HK$'000	Salaries, allowance, and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Wong	–	–	3,000	18	3,018
Chan Chak To Raymond	–	300	960	18	1,278
Lam Wai Kwan	–	–	672	18	690
Independent non-executive directors:					
Ma Yiu Ho Peter	150	–	–	–	150
Cai Chun Fai	150	–	–	–	150
Ng Sai Cheong	150	–	–	–	150
	450	300	4,632	54	5,436

	Year ended 31 March 2020				
	Directors' fees HK$'000	Discretionary bonus HK$'000	Salaries, allowance, and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:					
Mr.Wong	–	2,000	3,000	18	5,018
Chan Chak To Raymond	–	240	960	18	1,218
Lam Wai Kwan	–	19	638	18	675
Independent non-executive directors:					
Ma Yiu Ho Peter	150	–	–	–	150
Cai Chun Fai	150	–	–	–	150
Ng Sai Cheong	150	–	–	–	150
	450	2,259	4,598	54	7,361

11. DIRECTORS' REMUNERATION *(Continued)*

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

No directors have waived or agreed to waive any remuneration during the years ended 31 March 2021 and 2020.

During the years ended 31 March 2021 and 2020, there was no amount paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

Directors' interest in transactions, arrangements or contracts of significance

Except as disclosed in note 35 to the consolidated financial statements, no other transactions, arrangements or contracts of significance to which the Company, its ultimate holding company, or any subsidiaries of its ultimate holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals include three (2020: three) directors, whose emoluments are disclosed in note 11 to the consolidated financial statements, for the year ended 31 March 2021. The aggregate of the emoluments in respect of the remaining two (2020: two) highest paid employees who were neither a director nor chief executive of the Company are as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries, allowance and benefits in kind	**1,116**	900
Discretionary bonus	**–**	24
Retirement benefit scheme contributions	**36**	34
	1,152	958

The aggregated emoluments of the above individuals fell within the following bands:

	Number of individuals	
	2021	2020
Nil to HK$1,000,000	**2**	2

The above individuals include one (2020: one) senior management as disclosed in the section headed "Biographical Details of Directors and Senior Management".

During the years ended 31 March 2021 and 2020, there was no amount paid or payable by the Group to the above individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

13. INCOME TAX (CREDIT)/EXPENSE

	2021 HK$'000	2020 HK$'000
Hong Kong Profits Tax		
— Current tax	**449**	1,711
— Over-provision in respect of prior years	**(1,828)**	–
Deferred tax		
— Credit for the year *(note 30)*	**(307)**	(666)
	(1,686)	1,045

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%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million for both years.

The income tax (credit)/expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 HK$'000	2020 HK$'000
Loss before tax	**(5,161)**	(66,867)
Tax at Hong Kong Profits Tax rate of 16.5% (2020:16.5%)	**(851)**	(11,033)
Tax effect of:		
Tax relief on 8.25% on first HK$2 million of assessable profit	**(165)**	(165)
Share of results of associates	**1**	13
Income not taxable for tax purpose	**(1,026)**	(1,108)
Expenses not deductible for tax purpose	**2,784**	9,488
Estimated tax losses not recognised	**223**	6,072
Utilisation of tax losses previously not recognised	**(603)**	–
Deductible temporary differences not recognised	**324**	–
Utilisation of deductible temporary differences previously not recognised	**(535)**	(2,182)
Over-provision in respect of prior years	**(1,828)**	–
One-off reduction of Hong Kong Profits Tax by Inland Revenue Department	**(10)**	(40)
Income tax (credit)/expenses for the year	**(1,686)**	1,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during year ended 31 March 2021 and 2020, nor has any dividend been proposes since the end of both periods.

15. LOSS PER SHARE

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

	2021 **HK$'000**	2020 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(4,098)**	(65,476)

	2021 **'000**	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,643,360**	2,643,360

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

16. PROPERTY, PLANT AND EQUIPMENT

	Building	Leasehold improvements	Furniture and fixtures	Catering and other equipment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost					
At 1 April 2019	32,673	12,694	500	10,011	55,878
Additions	–	6,614	241	2,142	8,997
Written-off	–	(1,917)	(38)	(758)	(2,713)
At 31 March 2020 and at 1 April 2020	32,673	17,391	703	11,395	62,162
Additions	–	4,520	–	–	4,520
At 31 March 2021	32,673	21,911	703	11,395	66,682
Accumulated depreciation and impairment					
At 1 April 2019	270	7,855	362	8,500	16,987
Charge for the year	656	4,780	206	1,793	7,435
Impairment loss	–	4,757	129	1,097	5,983
Written-off	–	(1,133)	(21)	(425)	(1,579)
At 31 March 2020 and at 1 April 2020	926	16,259	676	10,965	28,826
Charge for the year	653	708	5	282	1,648
Impairment loss	–	2,355	17	148	2,520
At 31 March 2021	1,579	19,322	698	11,395	32,994
Carrying amounts					
At 31 March 2021	**31,094**	**2,589**	**5**	**–**	**33,688**
At 31 March 2020	31,747	1,132	27	430	33,336

Building with the carrying amount of approximately HK$31,094,000 (2020: HK$31,747,000) is located in Hong Kong under long-term lease.

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Impairment assessment

At 31 March 2021, in view of unfavourable prospect of catering industry due to continuing effect of Covid-19 pandemic (2020: unfavourable prospect due to the anti-extradition bill protests and the outbreak of the Covid-19 pandemic), the management of the Group concluded there was indicator for impairment and conducted impairment assessment on recoverable amounts of property, plant and equipment, right-of-use assets and intangible assets with finite useful life with carrying amounts of approximately HK$33,688,000 (2020: HK$33,336,000), HK$351,000 (2020: HK$4,435,000) and HK$1,365,000 (2020: HK$1,525,000) respectively.

The Group conducted impairment assessment on property, plant and equipment and right-of-use assets of each restaurants by estimating the recoverable amount of each of the restaurants which represent smallest identifiable CGU, including allocation of corporate assets using a reasonable and consistent basis.

For intangible assets with finite useful life which represents franchised agreements, the Group conducted impairment assessment by estimating the recoverable amount of the group of the franchised restaurants under the same brand which represent smallest group of CGUs.

The recoverable amount of each of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering the following 5 years with a pre-tax discount rate is ranged from 8% to 13% as at 31 March 2021 (2020: 7% to 17%). The cash flows beyond the five-year period are extrapolated using 2% growth rate (2020: 2%). Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the CGUs' past performance and management expectations for the market development.

Based on the value in use calculation and the allocation, an impairment loss of approximately HK$2,520,000 (2020: HK$5,983,000), HK$990,000 (2020: HK$19,404,000) and HK$22,000 (2020: HK$6,321,000) has been recognised for property, plant and equipment, right-of-use assets and intangible assets with finite useful lives respectively.

The recoverable amount of building with carrying amount of approximately HK$31,094,000 (2020: HK$31,747,000) was estimated individually. The carrying amount of the building has not been reduced since the amount of fair value less cost of disposal of the building is higher than the carrying amount. The building was measured at fair value based on Level 3 hierarchy using market comparable approach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

17. RIGHT-OF-USE ASSETS

	Restaurants HK$'000	Motor vehicles HK$'000	Total HK$'000
At 31 March 2021			
Carrying amount	**185**	**166**	**351**
At 31 March 2020			
Carrying amount	4,154	281	4,435
For the year ended 31 March 2021			
Depreciation charge	**2,979**	**115**	**3,094**
Impairment loss	**990**	**–**	**990**
	3,969	**115**	**4,084**
For the year ended 31 March 2020			
Depreciation charge	16,104	492	16,596
Impairment loss	19,404	–	19,404
	35,508	492	36,000

	2021 HK$'000	2020 HK$'000
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	**235**	1,944
Variable lease payments not included in the measurement of lease liabilities	**41**	58
Total cash outflow for leases	**9,226**	17,912
Addition to right-of-use assets	**–**	4,298
Derecognition of right-of-use assets	**–**	5,785

For both years, the Group leases restaurants and motor vehicles for its operations. Lease contracts are entered into for fixed term of one year to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Leases of restaurants are either with only fixed lease payments or contain variable lease payment that are based on 10% to 15% (2020: 10% to 15%) of gross revenue of the relevant restaurant or monthly average number of passenger trips at Hong Kong International Airport as provided by the Airport Authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

17. RIGHT-OF-USE ASSETS *(Continued)*

Details of impairment assessment on right-of-use assets are disclosed in note 16 to the consolidated financial statements.

Restrictions or covenants on leases

Lease liabilities of approximately HK$9,958,000 (2020: HK$24,221,000) are recognised with related right-of-use assets of approximately HK$351,000 (2020: HK$4,435,000) at 31 March 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. INTANGIBLE ASSETS

	Franchise agreements HK$'000
Cost	
At 1 April 2019, at 31 March 2020, at 1 April 2020 and at 31 March 2021	10,600
Accumulated amortisation and impairment	
At 1 April 2019	1,558
Charge for the year	1,196
Impairment loss	6,321
At 31 March 2020 and at 1 April 2020	9,075
Charge for the year	138
Impairment loss	22
At 31 March 2021	9,235
Carrying amounts	
At 31 March 2021	**1,365**
At 31 March 2020	1,525

The intangible assets are amortised on a straight-line basis over a period of 8 to 15 years.

Details of impairment assessment on intangible assets are disclosed in note 16 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

19. INTEREST IN AN ASSOCIATE

	2021 HK$'000	2020 HK$'000
Cost of investment in associates	–*	–*
Share of post-acquisition profit and other comprehensive income in associate, net of dividend received	98	734
	98	734

* The amount is less than HK$1,000.

The Group's associate is unlisted corporate entity and no quoted market price is available.

Particulars of the associates at the end of the report period are as follows:

Name of associate	Place of incorporation/ operation	Percentage of ownership interest attributable to the Group 2021 %	2020 %
Wingo Hong Kong Investment Limited ("**Wingo**")	Hong Kong	42	42

Wingo is principally engaged in provision of casual dining food catering services and ceased the restaurant operation during the years ended 31 March 2021 and 2020.

The associate is accounted for using the equity method in the consolidated financial statements.

19. INTEREST IN AN ASSOCIATE *(Continued)*

Wingo

	2021 **HK$'000**	2020 HK$'000
Current assets	**254**	2,161
Non-current assets	**–**	–
Current liabilities	**20**	412
Non-current liabilities	**–**	–

The above amounts of assets and liabilities include the following:

	2021 **HK$'000**	2020 HK$'000
Cash and bank balances	**249**	1,953

	For the year ended 31 March	
	2021 **HK$'000**	2020 HK$'000
Revenue	**–**	–
Loss and total comprehensive loss	**(19)**	(183)
Dividend received from Wingo	**628**	1,680

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For the year ended 31 March 2021

19. INTEREST IN AN ASSOCIATE *(Continued)*

Wingo *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of interest in Wingo recognised in the consolidated financial statements is disclosed below:

	2021 HK$'000	2020 HK$'000
Net assets of Wingo	**234**	1,749
Proportion of the Group's ownership interest in Wingo	**42%**	42%
	98	734

20. INTEREST IN A JOINT VENTURE

	2021 HK$'000	2020 HK$'000
Cost of investment in a joint venture	**54**	54
Share of post-acquisition loss and other comprehensive loss in a joint venture, net of dividend received	**(54)**	(54)
	–	–

Particular of the joint venture at the end of the report period is as follows:

Name of joint venture	Place of incorporation/ operation	Percentage of ownership interest attributable to the Group 2021 %	 2020 %
Starz Kitchen	Hong Kong	**50**	50

Starz Kitchen is engaged in provision of catering management and consultancy services.

The joint venture is accounted for using the equity method in the consolidated financial statements.

20. INTEREST IN A JOINT VENTURE *(Continued)*

Information of joint venture that is not individually material

	2021	2020
	HK$'000	HK$'000
The unrecognised share of loss of Starz Kitchen for the year	**48**	804
Cumulative unrecognised share of loss of Starz Kitchen	**1,901**	1,853

21. INVENTORIES

	2021	2020
	HK$'000	HK$'000
Food and beverage, and other operating items for restaurant operations	**261**	303

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

22. TRADE RECEIVABLES

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. The credit terms of the Group's trade receivables granted to airlines and other corporate customers are generally ranging from 1 day to 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. The Group does not hold any collateral or other credit enhancement over its trade receivables balances. Trade receivables are interest-free.

	2021	2020
	HK$'000	HK$'000
Credit card receivables	**139**	100
Receivables from corporate debtors	**1,421**	66
	1,560	166
Less: allowance for ECL	**–**	–
	1,560	166

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For the year ended 31 March 2021

22. TRADE RECEIVABLES *(Continued)*

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

	2021 **HK$'000**	2020 HK$'000
0–30 days	**481**	140
31–60 days	**521**	2
61–90 days	**149**	8
Over 90 days	**409**	16
	1,560	166

Details of impairment assessment of trade receivables are set out in note 4 to the consolidated financial statements.

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 **HK$'000**	2020 HK$'000
Deposits *(note (i))*	**5,318**	5,470
Prepayments *(note (ii))*	**1,445**	10,307
Other receivables, net allowance for ECL *(note (iii))*	**41**	3,028
	6,804	18,805
Less: Non-current portion included in deposits, prepayments and other receivables	**(1,893)**	(10,163)
Current portion included in deposits and prepayments	**4,911**	8,642

Notes:

(i) Deposits mainly consist of rental deposits and utility deposits related to restaurant operations.

(ii) During the year ended 31 March 2021, impairment loss of approximately HK$1,629,000 (2020: Nil) was recognised in respect of prepayment for leasehold improvement due to termination of contract.

(iii) During the year ended 31 March 2021, other receivables with gross carrying amount of approximately HK$1,300,000 (2020: Nil) were credit-impaired and allowances for ECL of approximately HK$1,300,000 (2020: Nil) were recognised.

Details of impairment assessment of deposits and other receivables are set out in note 4 to the consolidated financial statements.

24. AMOUNTS DUE FROM/(TO) A JOINT VENTURE/NON-CONTROLLING INTEREST

Particular of the amounts due from a joint venture and non-controlling interest are as follows:

	2021 HK$'000	2020 HK$'000
Amount due from a joint venture		
Starz Kitchen	**500**	500
Less: allowance for ECL	**(500)**	(500)
	–	–

The maximum amount due from a joint venture and non-controlling interest during the year are as follows:

	During the year ended 31 March 2021 HK$'000	 2020 HK$'000
Amount due from a joint venture		
Starz Kitchen	**500**	500
Amount due from non-controlling interest		
Charm Sky Enterprise Limited	**–**	1,200

The amounts due from/(to) a joint venture/non-controlling interest are unsecured, interest-free and repayable on demand.

Details of impairment assessment of amount due from a joint venture are set out in note 4 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

25. CASH AND CASH EQUIVALENTS

	2021 HK$'000	2020 HK$'000
Cash and bank balances	**44,862**	39,456

At 31 March 2021 and 2020, bank balances carry interest at floating rates and placed with creditworthy banks with no recent history of default. Short-term time deposits are made for varying periods of between one week and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates at 1.00% to 1.05% (2020: 1.11%) per annum.

RMB is not a freely convertible currency in the People's Republic of China (the "PRC") and the remittance of funds out of the PRC is subject to the foreign exchange control imposed by the PRC government. The Group's cash and cash equivalents denominated in RMB are located in Hong Kong which is not subject to the foreign exchange control.

Details of impairment assessment of bank balances are set out in note 4 to the consolidated financial statements.

26. TRADE PAYABLES

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

	2021 HK$'000	2020 HK$'000
0 — 30 days	**1,176**	281
31 — 60 days	**76**	73
61 — 90 days	**2**	110
Over 90 days	**164**	340
	1,418	804

The average credit period granted by suppliers ranging from 30 to 90 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

27. ACCRUALS AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Accruals	**3,426**	2,766
Receipt in advance	**–**	132
Other payables	**5,651**	9,240
	9,077	12,138

28. BANK BORROWINGS

	2021 HK$'000	2020 HK$'000
Unsecured bank borrowings	**15,500**	1,934
Carrying amounts (shown under current liabilities) that contain repayable on demand clause based on scheduled repayment terms:		
— Within one year	**646**	1,934
— More than one year but less than five years	**14,854**	–
	15,500	1,934

All of the Group's bank borrowings are denominated in HK$.

At 31 March 2021, all bank borrowings are guaranteed by Mr. Wong (2020: unguaranteed).

At 31 March 2021, all bank borrowings are interest bearing at HK$ prime rate minus a spread (2020: HK$ prime rate minus a spread). The effective interest rate on the bank borrowings was 2.75% (2020: 4.13%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

29. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Minimum lease payment		
Within one year	**9,501**	15,383
Within a period of more than one year but not more than two years	**691**	9,236
Within a period of more than two years but not more than five years	**–**	692
	10,192	25,311
Less: future finance charges	**(234)**	(1,090)
Present value of lease liabilities	**9,958**	24,221

	2021 HK$'000	2020 HK$'000
Present value of lease payment		
Within one year	**9,270**	14,544
Within a period of more than one year but not more than two years	**688**	8,989
Within a period of more than two years but not more than five years	**–**	688
Present value of lease liabilities	**9,958**	24,221
Less: amount due for settlement within 12 months shown under current liabilities	**(9,270)**	(14,544)
Amounts due for settlement after 12 months shown under non-current liabilities	**688**	9,677

All of the Group's lease liabilities are denominated in HK$.

The weighted average incremental borrowing rates applied to lease liabilities range from 2.25% to 5.19% (2020: 2.25% to 5.19%)

30. DEFERRED TAX

The followings are the major deferred tax (assets)/liabilities recognised by the Group and movements thereon:

	Accelerated tax depreciation HK$'000	Franchise agreement HK$'000	Total HK$'000
At 1 April 2019	(549)	911	362
Credit to profit or loss *(note 13)*	–	(666)	(666)
At 31 March 2020 and at 1 April 2020	(549)	245	(304)
Credit to profit or loss *(note 13)*	(287)	(20)	(307)
At 31 March 2021	**(836)**	**225**	**(611)**

The Group had unused estimated tax losses of approximately HK$91,817,000 (2020: HK$94,126,000) available for offsetting against future profits at 31 March 2021. No deferred tax asset has been recognised in respective of tax losses due to the unpredictability of future profit streams and unrecognised tax losses could be carried forward indefinitely.

31. SHARE CAPITAL

	2021 '000	2020 '000	**2021 HK$'000**	2020 HK$'000
Ordinary share of HK$0.01 each				
Authorised:				
At the beginning of the reporting period	**20,000,000**	20,000,000	**200,000**	200,000
Issued and fully paid:				
At the beginning of the reporting period	**2,643,360**	2,643,360	**26,434**	26,434

32. COMMITMENTS

Capital commitments

	2021 HK$'000	2020 HK$'000
Authorised and contracted, but not provided for:		
— Purchase of property, plant and equipment	**–**	76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

33. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the year ended 31 March 2021

On 22 February 2021, Alliance Catering Company Limited ("Alliance Catering"), a subsidiary of the Company, entered into a sale and purchase agreement to acquire 5% equity interest in Du Hsiao Yueh (Hong Kong) Limited ("DHY") from non-controlling interests, a connected person of the Company under Chapter 20 of the Listing Rules, at a cash consideration of HK$700,000. The acquisition was completed on 22 February 2021.

On 10 March 2021, Alliance Catering entered into a sale and purchase agreement to acquire an aggregate of 5% equity interest in DHY from non-controlling interests, two individuals who, to the best of knowledge of the directors, are independent third parties of the Company, at an aggregate cash consideration of HK$700,000. The acquisition was completed on 10 March 2021.

As a result of the above acquisitions, the Group's shareholding in DHY increased from 90% to 100% and the Group recognised a decrease in non-controlling interests of approximately HK$990,000 and an decrease in equity attributable to owners of the Company of approximately HK$410,000.

Further details of the acquisition are set out in the Company's announcement dated 10 March 2021.

During the year ended 31 March 2020

On 30 September 2019, Alliance Catering entered into a sale and purchase agreement to acquire 30% equity interest in DHY from non-controlling interests, a connected person of the Company under Chapter 20 of the Listing Rules, at a cash consideration of HK$5,470,000. The acquisition was completed on 2 October 2019. As a result of the acquisition, the Group's shareholding in DHY increased from 60% to 90%.

On 30 September 2019, Simple Future Investment Limited ("Simple Future"), a subsidiary of the Company, entered into a sale and purchase agreement to acquire 40% equity interest in Sky Grand International Development Limited ("Sky Grand"), Forever Drinks Limited ("Forever Drinks") and Bright Up (HK) Limited ("Bright Up"), from Charm Sky, a connected person of the Company under Chapter 20 of the Listing Rules, at an aggregate cash consideration of HK$280,000. The acquisition was completed on 2 October 2019. As a result of these acquisitions, the Group's shareholding in Sky Grand, Forever Drinks and Bright Up increased from 60% to 100%.

The Group recognised a decrease in non-controlling interests of approximately HK$7,052,000 and an increase in equity attributable to owners of the Company of approximately HK$1,302,000.

Further details are set out in the Company's announcement dated 2 October 2019.

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

(a) Statement of financial position of the Company

	2021 HK$'000	2020 HK$'000
Non-current assets		
Property, plant and equipment	**2,594**	20
Rental deposit and prepayments	**–**	5,622
	2,594	5,642
Current assets		
Deposits and prepayments	**82**	779
Amounts due from subsidiaries	**42,445**	47,610
Cash and bank balances	**66**	2,063
	42,593	50,452
Current liabilities		
Accruals	**749**	1,091
Amounts due to subsidiaries	**42,247**	36,403
Bank borrowings	**–**	1,934
	42,996	39,428
Net current (liabilities)/assets	**(403)**	11,024
Net assets	**2,191**	16,666
Capital and reserves		
Share capital	**26,434**	26,434
Reserves	**(24,243)**	(9,768)
Total equity	**2,191**	16,666

On behalf of the board of directors:

Wong Man Wai
Director

Lam Wai Kwan
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

(b) Movement of reserves of the Company

	Share premium HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2019	113,760	2,750	(50,215)	66,295
Loss and total comprehensive loss for the year	–	–	(76,063)	(76,063)
At 31 March 2020 and at 1 April 2020	113,760	2,750	(126,278)	(9,768)
Loss and total comprehensive loss for the year	–	–	(14,475)	(14,475)
At 31 March 2021	**113,760**	**2,750**	**(140,753)**	**(24,243)**

35. MATERIAL RELATED PARTY TRANSACTION

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

	2021 HK$'000	2020 HK$'000
Salaries, allowance and benefit in kind	**5,660**	4,922
Discretionary bonus	**300**	2,283
Retirement benefit schemes contributions	**72**	72
	6,032	7,277

(b) Details of the balances with related parties at the end of the reporting period are set out in note 24 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

36. SHARE OPTIONS

Pursuant to a resolution passed on 21 July 2016, a share option scheme (the "Option Scheme") was adopted by the Company.

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

(i) The purpose is to attract and retain quality personnel and other persons to provide incentive to them to contribute to the business and operation of the Group.

(ii) The eligible person include full time or part time employees of the Group (including any director, whether executive or non-executive and whether independent or not, or consultant of the Company or any subsidiary or any entity in which the Group holds an equity interest); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, customers, licensees (including any sub-licensee), landlords or tenants (including any sub-tenants) of the Group or any invested entity or any person who, in the sole discretion of the board of directors, has contributed or may contribute to the Group.

(iii) The total number of shares in respect of which share options may be granted under the Option Scheme shall not exceed 10% of the issued shares capital of the Company at any point in time, without prior approval from the Company's shareholders. The number of shares which may be issued upon exercise of all outstanding share option granted and yet to be exercised under the Option Scheme and any other share option scheme shall not exceed 30% of the issued share capital of the Company from time to time.

(iv) The total number of shares issued and to be issued upon exercise of the share options granted to each participant or grantee (including exercised, cancelled and outstanding share options) in any 12-month period shall not exceed 1% of the shares in issue from time to time unless the same is approved by the shareholders.

(v) The total number of shares issued and to be issued upon exercise of the share options granted to each substantial shareholder (as defined in the GEM Listing Rules) of the Company or any of its respective associates or an independent non-executive director or any of his associates (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million, unless the same is approved by the shareholders.

(vi) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of offer for grant.

(vii) Save as determined by the board of directors provided in the offer of the grant of the relevant share options, there is no general requirement that a share option must be held for any minimum period before it can be exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

36. SHARE OPTIONS *(Continued)*

(viii) Offer of options shall be open for acceptance in writing or by telex received by the secretary of the Company for a period of 21 days inclusive of, and from, the date of grant.

(ix) The subscription price of a share option must be the highest of:

a. the closing price of a share of the Company on the Stock Exchange on the date of grant of the option;

b. the average closing price of a share of the Company from the 5 business days immediately preceding the date of grant of the option; and

c. the nominal value of a share of the Company on the date of grant of the option.

(x) The Option Scheme is effective for 10 years from the date of grant.

At the end of the reporting period, the number of shares in respect of which may be issued upon exercise of share options granted and remain outstanding under the Option Scheme and was 60,000,000 (2020: 60,000,000), representing 2.7% (2020: 2.7%) of the shares of the Company in issue at that date.

Details of specific categories of options are as follows:

Exercisable period	Outstanding at 1 April 2019, at 31 March 2020, at 1 April 2020 and at 31 March 2021
5 October to 4 October 2026	
Directors	
Chan Chak To Raymond	20,000,000
Lam Wai Kwan	20,000,000
	40,000,000
Other employee	20,000,000
Exercisable at the end of the reporting period	60,000,000
Weighted average exercise price	HK$0.163

No share options were grant, exercised or lapsed during the years ended 31 March 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

37. RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 (2019: HK$1,500) and they can choose to make additional contributions. Employers monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500 (2019: HK$1,500) (the "mandatory contributions"). Employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

The retirement benefits scheme contributions arising from the MPF Scheme charged to profit or loss represent 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 notes 10 and 11 to the consolidated financial statements.

38. PARTICULARS OF SUBSIDIARIES

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

Name of subsidiary	Place/ country of incorporation	Class of share	Issued and fully paid share capital	Proportion of ownership interest and voting power held by the Company 2021 %	2020 %	Principal activities
Airport Catering Services Company Limited	Hong Kong	Ordinary	HK$100	**100**	100	Provision of casual dining food catering services
Alliance Catering	Hong Kong	Ordinary	HK$100	**100**	100	Investment holding
Bright Up	Hong Kong	Ordinary	HK$3,000,000	**100**	100	Inactive
DHY	Hong Kong	Ordinary	HK$9,000,000	**100**	90	Provision of casual dining food catering services
Forever Drinks	Hong Kong	Ordinary	HK$3,000,000	**100**	100	Inactive
Kingdom Star Investment Limited ("Kingdom Star")	Hong Kong	Ordinary	HK$100	**100**	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

38. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/ country of incorporation	Class of share	Issued and fully paid share capital	Proportion of ownership interest and voting power held by the Company 2021 %	2020 %	Principal activities
Palace Corporation Limited	Hong Kong	Ordinary	HK$1	**100**	100	Investment holding
Royal Catering Group Company Limited	Hong Kong	Ordinary	HK$1	**100**	100	Investment holding
Royal HR Management Limited	Hong Kong	Ordinary	HK$1	**100**	100	Provision of human resources management services
Royal Time Enterprises Limited	Hong Kong	Ordinary	HK$2	**100**	100	Provision of food catering services
Simple Future	BVI	Ordinary	USD1	**100**	100	Investment holding
Sky Grand	Hong Kong	Ordinary	HK$3,000,000	**100**	100	Sales of beverages and light refreshments
Top Future Management Limited	BVI	Ordinary	USD1	**100**	100	Holding of trademark and franchise

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

Except for Simple Future which is directly held by the Company, all other subsidiaries are indirectly held by the Company.

Non-controlling interests

The following table lists out the information relating to DHY, a subsidiary of the Company with material non-controlling interests at 31 March 2020. The summarised financial information presented below represents the amounts before any inter-company elimination.

38. PARTICULARS OF SUBSIDIARIES *(Continued)*

Non-controlling interests *(Continued)*

DHY

	2020 HK$'000
Current assets	14,849
Non-current assets	8,344
Current liabilities	13,484
Non-current liabilities	6,039
Equity attributable to owners of the Company	3,303
Non-controlling interests	367

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

38. PARTICULARS OF SUBSIDIARIES *(Continued)*

Non-controlling interests *(Continued)*

DHY *(Continued)*

	From 1 April 2019 to 31 March 2020 HK$'000
Revenue	37,422
Expenses	52,197
Loss and total comprehensive loss attributable to owners of the Company	(13,729)
Loss and total comprehensive loss/income attributable to non-controlling interests	(1,046)
Loss and total comprehensive loss/income for the year/period	(14,775)
Dividend paid to non-controlling interests	2,000
Net cash used in operating activities	(20,288)
Net cash used in investing activities	(3,402)
Net cash outflow	(16,597)

39. MAJOR NON-CASH TRANSACTIONS

The Group entered into the following major non-cash investing and financing activities, which were not reflected in the consolidated statement of cash flows:

(a) During the year ended 31 March 2021, prepayments for purchase of property, plant and equipment of HK$4,388,000 was transferred to property, plant and equipment.

(b) During the year ended 31 March 2020, the Group entered into leases agreement in respect of property, plant and equipment and right-of-use assets of three years. On the leases commencement, the group recognised right-of-use assets and lease liabilities of approximately HK$4,298,000 and HK$4,303,000 respectively.

(c) During the year ended 31 March 2020, prepayments for purchase of property, plant and equipment of HK$2,058,000 was transferred to property, plant and equipment.

40. 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.

	Interest payable HK$'000	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2019	15	9,473	42,147	51,635
Financing cash flows	(254)	(7,539)	(15,910)	(23,703)
Non-cash changes:				
Interest expenses	239	–	1,704	1,943
New lease entered	–	–	4,303	4,303
Covid-19-related rental concession	–	–	(2,300)	(2,300)
Derecognition of lease liabilities	–	–	(5,723)	(5,723)
At 31 March 2020 and at 1 April 2020	–	1,934	24,221	26,155
Financing cash flows	(79)	13,566	(8,950)	4,537
Non-cash changes:				
Interest expenses	79	–	856	935
Covid-19-related rental concession	–	–	(6,169)	(6,169)
At 31 March 2021	**–**	**15,500**	**9,958**	**25,458**

41. EVENTS AFTER THE REPORTING PERIOD

(i) On 15 April 2021, Royal Catering Management Limited, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with director of Starz Kitchen, pursuant to which Royal Catering Management Limited agreed to sell and the director of Starz Kitchen agreed to purchase 50% equity interests of Starz Kitchen at a consideration of HK$50. The disposal was completed on the same day.

(ii) On 23 June 2021, Kingdom Star, a wholly-owned subsidiary of the Company entered into a preliminary sale and purchase agreement with an independent third party (the "Purchaser") and the property agent, pursuant to which Kingdom Star has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the property situated at 12th Floor, Great Smart Tower, No. 230 Wan Chai Road, Hong Kong at a consideration of HK$34,180,000, details of which are set out in the Company's announcement dated 23 June 2021.

42. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.

43. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 24 June 2021.

FINANCIAL SUMMARY

For the year ended 31 March 2021

A summary of the published results and of the assets and liabilities of the Group pursuant to Rule 18.33 of the GEM Listing Rules, as extracted from the published prospectus of the Company, is set out below:

RESULTS

	Year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**42,707**	68,837	92,662	103,882	90,606
(Loss)/profit before tax	**(5,161)**	(66,867)	(15,909)	1,636	(14,154)
Income tax credit/(expense)	**1,686**	(1,045)	(1,504)	(447)	(691)
(Loss)/profit for the year	**(3,475)**	(67,912)	(17,413)	1,189	(14,845)
(Loss)/profit for the year attributable to:					
Owners of the Company	**(4,098)**	(65,476)	(18,377)	(423)	(14,845)
Non-controlling interests	**623**	(2,436)	964	1,612	–
	(3,475)	(67,912)	(17,413)	1,189	(14,845)

ASSETS AND LIABILITIES

	At 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**89,922**	99,595	165,718	193,912	110,726
Total liabilities	**36,697**	41,495	31,956	46,337	15,228
	53,225	58,100	133,762	147,575	95,498
Equity attributable to:					
Owners of the Company	**53,225**	57,733	121,907	140,284	95,498
Non-controlling interests	**–**	367	11,855	7,291	–
	53,225	58,100	133,762	147,575	95,498