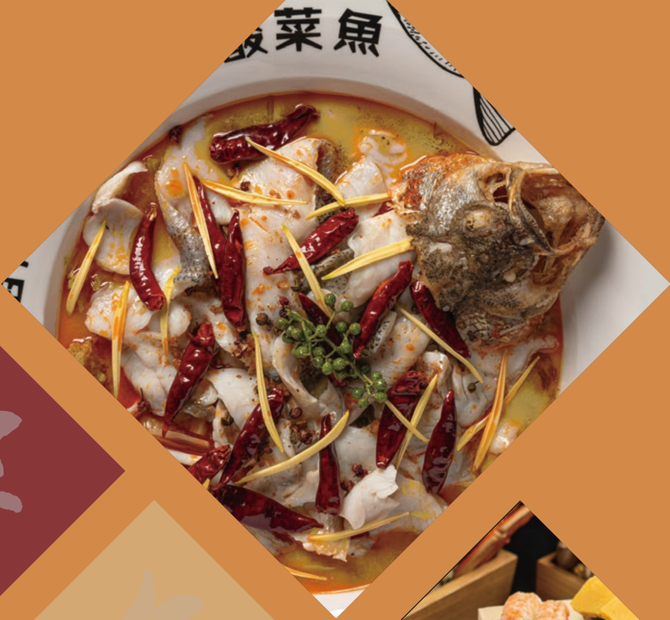
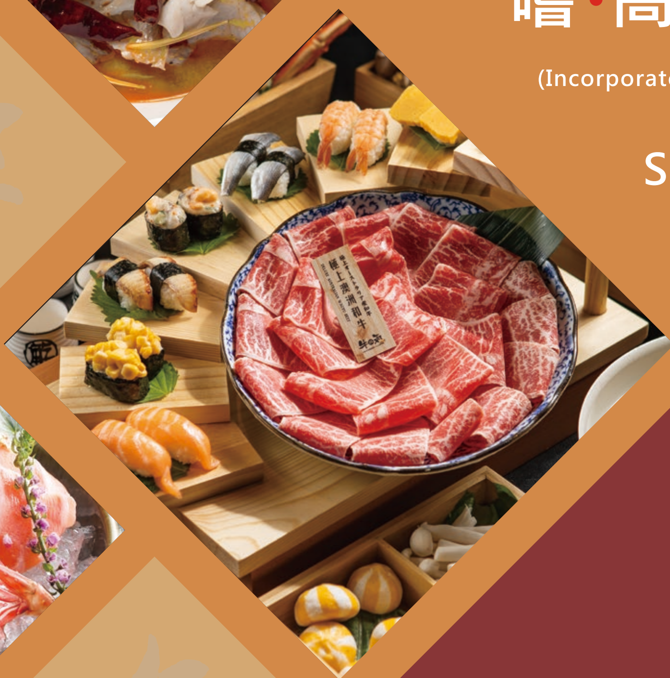
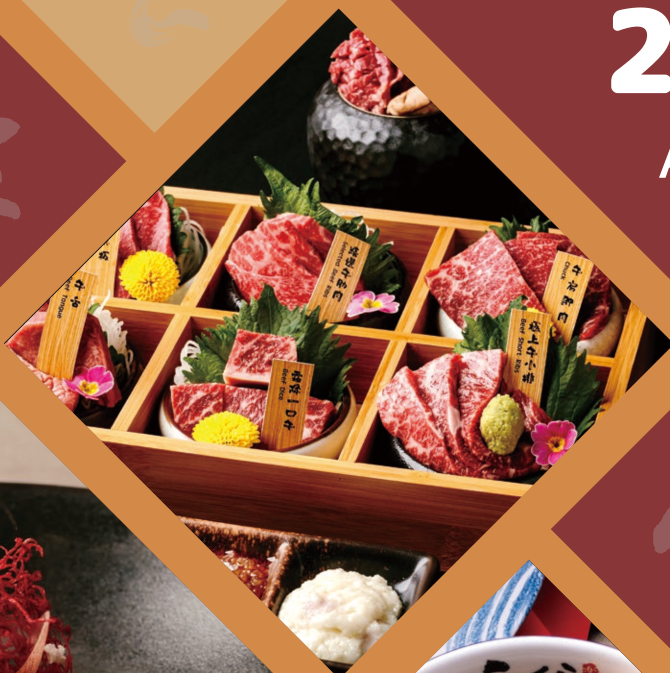


TASTE · GOURMET
GROUP LIMITED
嚐·高美集團有限公司

(Incorporated in the Cayman Island with limited liability)

STOCK CODE : 8371





2021/22
ANNUAL REPORT

CHARACTERISTICS OF "GEM" OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. WONG Ngai Shan *(Chairman)*
Ms. CHAN Wai Chun *(Chief Executive Officer)*

Independent non-executive Directors
Ms. CHAN Yuen Ting
Mr. TSANG Siu Chun
Mr. WANG Chin Mong

COMPLIANCE OFFICER

Mr. YU Man To Gerald Maximillian

AUTHORISED REPRESENTATIVES

Mr. WONG Ngai Shan
Mr. YU Man To Gerald Maximillian

COMPANY SECRETARY

Mr. YU Man To Gerald Maximillian *B.BUS, MBA, FCPA*

AUDIT COMMITTEE

Mr. WANG Chin Mong *(Chairman)*
Ms. CHAN Yuen Ting
Mr. TSANG Siu Chun

REMUNERATION COMMITTEE

Mr. TSANG Siu Chun *(Chairman)*
Ms. CHAN Yuen Ting
Mr. WANG Chin Mong
Mr. WONG Ngai Shan

NOMINATION COMMITTEE

Ms. CHAN Yuen Ting *(Chairman)*
Mr. TSANG Siu Chun
Mr. WANG Chin Mong

COMPLIANCE COMMITTEE

Ms. CHAN Yuen Ting *(Chairman)*
Mr. TSANG Siu Chun
Mr. WANG Chin Mong

AUDITORS

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

REGISTERED OFFICE

Cricket Square, Hutchins Drive, PO Box 2681
Grand Cayman KY1-1111, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive, PO Box 2681
Grand Cayman KY1-1111, Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

STOCK CODE

08371

COMPANY'S WEBSITE

www.tastegourmet.com.hk (Corporate)
www.tastegourmet.co (Restaurants)

HIGHLIGHTS

FINANCIAL SUMMARY

	Year ended 31 March				
	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022** **HK$'000**
Revenue	215,175	307,712	370,511	379,023	**568,056**
Profit before tax	6,910	31,674	34,930	24,758	**27,339**
Income tax expense	(4,139)	(4,422)	(4,858)	(526)	**(5,251)**
Profit for the year	2,771	27,252	30,072	24,232	**22,088**
Attributable to:					
Owners of the Company	1,208	27,252	30,072	24,967	**26,381**
Non-controlling interest	1,563	–	–	(735)	**(4,293)**
	2,771	27,252	30,072	24,232	**22,088**

ASSETS AND LIABILITIES

	As at 31 March				
	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022** **HK$'000**
Total assets	129,885	132,984	326,969	446,204	**506,013**
Total liabilities	(26,031)	(30,897)	(205,902)	(288,081)	**(351,073)**
Net assets	103,854	102,087	121,067	158,123	**154,940**

Note: The Group has applied HKFRS 16 since 1 April 2020 in the current year and no comparative figures for the prior years are restated.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of Taste • Gourmet Group Limited together with its subsidiaries (the "**Group**"), I am pleased to present to the shareholders the annual results of the Group for the year ended 31 March 2022.

In the past year, the COVID-19 pandemic severely hindered the economic development of Hong Kong. In response to the pandemic, the government introduced a series of social distance measures, including but not limited to, capping the total number of customers in restaurants and per table, suspending catering premises' evening dine-in service, reducing daily business hours and suspending the movement of people between the Mainland and Hong Kong. All these measures hit the catering industry and the Group was not exempted from the impact of these uncontrollable factors.

In a year full of external uncertainties and challenges, we never slowed down, and the Company responded positively. On the one hand, we explored ways to increase revenue through viable channels, and on the other hand, we decisively adopted the most stringent cost-cutting measures. On the premise of minimising the impact on the livelihood of our frontline staff and the satisfaction of our customers, we stepped up our efforts to strengthen our inventory management of our shops, obtained discounts from suppliers and rent concessions from our landlords, and reduced the salaries of our management. The Group strategically invested more resources in improving its management structure in order to increase its competitive edge in the market. On the logistics front, we broadened our procurement channels to avoid over-reliance on a single supplier and minimise the risk of shortage of supplies. Internally, in view of the constant shortage of manpower in the catering industry, we have introduced an automated order taking system in phases to relieve the work pressure of our staff and to effectively record and analyse sales data to enhance operational efficiency. In addition to enhancing internal staff training, we have also brought in a number of talents at senior management level to improve team building and restructure our personnel structure, which will help build a solid foundation for the Group's development and growth in the long run.

The Group's business in Shanghai progressed as planned, except for the fourth quarter when it was temporarily suspended due to a lock down as a result of an outbreak of the Omicron strain of COVID-19, and the Group expects the local business to continue to contribute to the Group post lockdown.

In the past year, we opened a total of ten restaurants, including our self-operated new brands "Moments Together", "Yakiniku Guu", "Sankinn" and "SameSame", targeting the mid-to-high end of the market to attract a more diversified customer base and demand. The Group will continue to identify potential locations for further expansion in the current year.

With the new market norm emerging from the impact of the pandemic, the industry is undergoing a rapid reshuffle with the best winning and the worst losing. We believe that managing crisis in a forward-looking manner will help the Group to progress and therefore we have flexibly optimised our operating model to cater for different consumption patterns, so that we can remain in this market and continue to expand. We believe that a diversified brand development strategy offers a wide range of quality food at a reasonable price to suit the tastes and preferences of our customers. We will also intensify our efforts on marketing and promotion. The Group was established with the intention of enhancing the dining experience of our customers.

CHAIRMAN'S STATEMENT

The Group's growth has been made possible not only with the support of our customers, but also with the dedication and hard work of our employees, whose unswerving spirit and resilience are the core values of the Group. We would also like to thank our business partners, suppliers and shareholders for working alongside us through a challenging year and look forward to creating more opportunities for the catering industry together as the business environment recovers in the coming year.

Lastly, on behalf of the board of directors, I would like to thank the management and employees of the Group for their contributions this year. In particular, I would like to thank all the employees of the Group for their selfless dedication during the outbreak of the pandemic. At the same time, we would like to express our great gratitude to all of our suppliers and business partners who are together with us, as well as to our customers and shareholders for their confidence in us.

Wong Ngai Shan
Chairman

Hong Kong, 23 June 2022

CEO REPORT

BUSINESS REVIEW

During the year ended 31 March 2022 ("**FY2022**"), the Group opened nine new restaurants: (1) Yakiniku Guu at the Tai Hung Fai Centre in Tsuen Wan in May 2021; (2) Nabe Urawa at the Raffles City Changning in Shanghai in June 2021; (3) Same Same at Plaza 66 in Shanghai in August 2021; (4) Moments Together at the Elements in Tsim Sha Tsui in August 2021; (5) Takano Ramen at the New Town Plaza in Shatin in September 2021; (6) Dab-Pa Artisan at the K11 MUSEA in Tsim Sha Tsui in September 2021; (7) Moments Together at Taikoo Li in Shanghai; (8) Yakiniku Guu at the TMT Plaza in Tuen Mun; and (9) Sankinn Taiwanese Hotpot at the TMP Plaza in Tuen Mun. In July 2021, our La'taste Restaurant at the Grand Plaza in Mongkok was closed and reopened as (10) Yakiniku Guu branded Japanese Restaurant in August 2021.

During FY2022, in addition to the closure of our (1) La'taste restaurant discussed above, the following restaurants were closed: (2) our Sweetology restaurant at the Metroplaza in Kwai Fong was closed upon the expiration of its lease in May 2021 and we decided not to renew its lease; (3) the lease of our Say Cheese restaurant at the Park Central in Tseung Kwan O was due to expire on 1 November 2021 which we decided not to renew, however a new tenant entered into a new lease with the landlord and our lease was terminated early at the end of August 2021 without having to reinstate the site to the original bare shell condition; (4) our La'taste restaurant in Central was closed upon the expiration of its lease in October 2021 and we decided not to renew its lease; and (5) our Say Cheese Kiosk at the Olympic City was closed upon the expiration of its lease in October 2021 and we decided not to renew its lease. Subsequent to 31 March 2022, our Nabe Urawa restaurant at the Raffles City Changning in Shanghai was closed as the footfall traffic was significantly lower than expectation.

Currently, the demand for restaurant staff is much greater than the supply resulting in a shortage of staff in our restaurants. We have therefore decided not to renew the leases of those restaurants listed above as we can transfer the staff to the more efficient restaurants or to new restaurants that will be more efficient in order to generate more revenue/profit per staff employed.

CEO REPORT

The number of restaurants is as follows:

By Brands	31.03.2021	30.06.2021	30.09.2021	31.12.2021	31.03.2022	Date of Report
Hong Kong						
Nabe Urawa	9	9	9	9	9	9
Dab-Pa	5	5	6	6	6	6
La'taste	5	5	4	3	3	3
Rakuraku Ramen	3	3	3	3	3	3
Yakiniku Guu	–	1	2	2	3	3
Parkview	2	2	2	2	2	2
Takano Ramen	1	1	2	2	2	2
Moments Together	–	–	1	1	1	1
Sankinn	–	–	–	–	1	1
Tirpse	1	1	1	1	1	1
Urawa	1	1	1	1	1	1
Wasyokuya Yamaichi	1	1	1	1	1	1
Say Cheese	1	1	–	–	–	–
Say Cheese Kiosk	1	1	1	–	–	–
Sweetology	1	–	–	–	–	–
Xianghui*	1	1	1	1	1	1
Hong Kong Total	32	32	34	32	34	34
Shanghai						
Moments Together (Shi Li Xianghui)	1	1	1	2	2	2
Same Same	–	–	1	1	1	1
Nabe Urawa	–	1	1	1	1	–
Shanghai Total	1	2	3	4	4	3
Total	**33**	**34**	**37**	**36**	**38**	**37**

By Cuisine/Type	31.03.2021	30.06.2021	30.09.2021	31.12.2021	31.03.2022	Date of Report
Japanese	15	17	19	19	20	19
Chinese	7	7	9	10	11	11
Southeast Asian	5	5	5	4	4	4
Western	4	4	3	3	3	3
Dessert	1	–	–	–	–	–
Kiosks	1	1	1	–	–	–
Total	**33**	**34**	**37**	**36**	**38**	**37**

Movement during each period	Full Year 31.03.2021	Three Months 30.06.2021	Three Months 30.09.2021	Three Months 31.12.2021	Three Months 31.03.2022	Full Year 31.03.2022
At the Beginning of the Period	28	33	34	37	36	33
New Restaurants	6	2	5	1	2	10
Closed Restaurants	(1)	(1)	(2)	(2)	–	(5)
At the End of the Period	**33**	**34**	**37**	**36**	**38**	**38**

* Xiang Hui is 40% owned by the Group and is equity accounted for in the financial statements of the Group.

Confirmed leases for the opening of new restaurants are as follows:

Restaurant	Location	Mall Operator	Lease Expiry Date	Option to Renew (Yrs)	Expected Commencement Date
Sankinn	Grand Plaza, Mongkok	Hung Lung	09.05.2025	3	Q3 2022
CUE	Citygate, Tung Chung	Swire	03.07.2026	None	Q3 2022
Nabe Urawa	The Wai, Tai Wai	MTR Corp	28.02.2026	3	Q2 2023

For details of these leases, please refer to the announcements issued by the Company dated 10 December 2021, 4 May 2022 and 10 May 2022.

Significant Investments, Material Acquisitions or Disposals

There were no other significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during FY2022.

CEO REPORT

Restaurant Operations

During FY2022, a total of 2,677,894 customers patronised our restaurants (excluding Xiang Hui as it is equity accounted for in the consolidated financial statements of the Group), an increase of 529,600 customers or 24.7% when compared to the year ended 31 March 2021 ("**FY2021**"). The average spending per customer increased from HK$176.4 to HK$212.1 for FY2022 compared to FY2021. The key operating information by cuisine are summarized as follows:

	Year Ended											
	31.03.2022						31.03.2021					
	Revenue *HK$'000*	Number of Seats	Average Daily Sales *HK$*	Number of Customers	Average Spending per Customer *HK$*	Daily Seating Turnover Rate	Revenue *HK$'000*	Number of Seats	Average Daily Sales *HK$*	Number of Customers	Average Spending per Customer *HK$*	Daily Seating Turnover Rate
Vietnamese/Southeast Asian	**41,208**	**592**	**157,204**	**342,302**	**120.4**	**2.2**	38,785	494	108,334	369,499	105.0	2.1
Japanese	**296,621**	**2,126**	**907,174**	**1,336,031**	**222.0**	**1.9**	187,524	1,632	568,745	918,519	204.2	1.7
– Nabe Urawa/Yakiniku Guu	**216,952**	**1,626**	**662,408**	**859,772**	**252.3**	**1.6**	137,242	1,180	418,083	590,996	232.2	1.5
– Ramen	**47,977**	**265**	**154,688**	**361,375**	**132.8**	**4.4**	30,383	217	83,749	258,655	117.5	3.3
– Others	**31,692**	**235**	**90,078**	**114,884**	**275.9**	**1.4**	19,899	235	66,913	68,868	288.9	1.0
Chinese	**148,488**	**1,033**	**493,996**	**598,579**	**248.1**	**1.9**	70,124	658	267,032	355,339	197.3	2.1
Western	**78,196**	**413**	**229,045**	**358,543**	**218.1**	**2.5**	73,084	413	202,209	359,316	203.4	2.4
	564,513	**4,164**	**1,787,419**	**2,635,455**	**214.2**	**2.0**	369,517	3,197	1,146,320	2,002,673	184.5	1.9
Dessert	**1,142**	**31**	**24,830**	**13,663**	**83.6**	**9.6**	7,301	31	20,742	92,619	78.8	8.5
Kiosks	**1,241**	**16**	**5,828**	**28,776**	**43.1**	**8.4**	2,205	16	7,063	53,002	41.6	10.6
Others	**1,160**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–
	568,056	**4,211**	**1,818,077**	**2,677,894**	**212.1**	**2.0**	379,023	3,244	1,174,125	2,148,294	176.4	2.1

Impact of COVID-19 on the Number of Customers

In order to control the spread of COVID-19 in Hong Kong, the Hong Kong Government implemented certain social distancing measures for restaurant operations (the "**Hong Kong Government Social Distancing Measures**") which includes (a) a minimum of 1.5 metres distance or some form of partition which serves as effective buffer between tables; (b) a limit on the number of customers in the restaurant as well as at each table; (c) a person must wear a mask at catering premises except when consuming food or drink; (d) body temperature screening on a person must be conducted before the person is allowed to enter the catering premises; and (e) hand sanitisers must be provided at catering premises.

The Hong Kong Government Social Distancing Measures that were in place during the period were as follows:

- In February 2021, the Hong Kong Government eased dine-in restrictions to allow a maximum of four per table and services extended to 9:59 p.m.

There are certain conditions for further easing such as if all restaurants staff have at least been vaccinated with one jab or if all staff fully vaccinated and customers have been vaccinated with on jab. The following is an extract from the press release under the heading Government to relax social distancing measures under "vaccine bubble" issued by the Hong Kong Government dated 28 April 2021 (https://www.info.gov.hk/gia/general/202104/28/P2021042800868.htm):

"(1) Except for bars or pubs which are subject to other requirements, all catering business must operate according to one or more of the following operating mode(s). Among them, Types A and B Mode of Operation are existing arrangements, while Types C and D Mode of Operation are introduced under the "vaccine bubble".

(a) Type A Mode of Operation: The catering business can provide dine-in services from 5am to 5.59pm every day, with the number of customers at the catering premises at any one time not exceeding 50% of the normal seating capacity of the premises and no more than two persons seated together at one table.

(b) Type B Mode of Operation: A person responsible for carrying on a catering business must adopt specified infection control measures, including ensuring that patrons (excluding persons who only order takeaways) scan the "LeaveHomeSafe" QR code using the "LeaveHomeSafe" mobile application on their mobile phones or register their names, contact numbers and the dates and times of their visits before the patrons are allowed to enter the premises; and arranging for all staff members involved in the operation of the premises to undergo a polymerase chain reaction-based nucleic acid test for COVID-19 using combined nasal and throat swabs starting from April 29, once every 14 days (or as alternative, complete a COVID-19 vaccination course). The catering business can provide dine-in services from 5am to 9.59pm every day, with the number of customers at the catering premises at any one time not exceeding 50% of the normal seating capacity of the premises and no more than four persons seated together at one table.

(c) Type C Mode of Operation: A person responsible for carrying on a catering business must ensure that all staff have received the first dose of COVID-19 vaccine. The person responsible for carrying on a catering business can designate the whole or part of the premises as "Designated Zone C", and must ensure that all customers in the zone scan the "LeaveHomeSafe" QR code using the "LeaveHomeSafe" mobile application on their mobile phones. Within the "Designated Zone C", the catering business can provide dine-in services from 5am to 11.59pm every day, with the number of customers at the catering premises at any one time not exceeding 50% of the normal seating capacity of the premises and no more than six persons seated together at one table.

(d) Type D Mode of Operation: A person responsible for carrying on a catering business must ensure that all staff have completed the full course of COVID-19 vaccination (which generally refers to having received two doses of COVID-19 vaccine plus 14 days). The person responsible for carrying on a catering business can designate the whole or part of the premises as "Designated Zone D", and must ensure that all customers in the zone have received the first COVID-19 vaccine dose and scan the "LeaveHomeSafe" QR code using the "LeaveHomeSafe" mobile application on their mobile phones. Within the "Designated Zone D", the catering business can provide dine-in services every day from 5am to 1.59am on the subsequent day, with the number of customers at the catering premises at any one time not exceeding 75% of the normal seating capacity of the premises and no more than eight persons seated together at one table."

CEO REPORT

From 9 December 2021, the Hong Kong Government ceased to allow Type A Mode of Operation and the hours of operations for Type B Mode of Operation was extended to 10:59 pm. However, due to the outbreak of the Omicron variant in January 2022, from 7 January 2022, dine-ins after 5:59 pm was prohibited and the number of customers per table allowed were halved.

From 24 February 2022, the vaccine pass was introduced where customers above the age of 12 must have received at least one shot of COVID-19 vaccine and details uploaded to the "LeaveHomeSafe" app. Restaurants must also scan the customer's vaccination record before allowing the customer to enter the restaurant. Therefore all Mode of operations were cancelled. From 30 April 2022, the vaccine pass was upgraded to at least two shots and on 30 June 2022, the vaccine pass will further upgrade to at least three shots.

On 21 April 2022, the number of customers per table was relaxed to four and the hours of operations was extended to 9:59 pm. On 5 May 2022, the number of customers per table was relaxed to eight and on 19 May 2022, the hours of operations was extended to 11:59 pm.

FINANCIAL REVIEW

Revenue

For FY2022, the Group recorded revenue of HK$568,056,000, representing an increase of 49.9% when compared to FY2021.

We derive our revenue from the sales of food and beverages at our restaurants in Hong Kong. The following tables sets forth the breakdown of our revenue by cuisine and the number of restaurants in operations by cuisine during the relevant periods.

	Year ended				
	31.3.2022		31.3.2021		
	HK$'000	**% of Revenue**	*HK$'000*	% of Revenue	**Changes**
Vietnamese/Southeast Asian	**41,208**	**7.3%**	38,785	10.2%	**6.2%**
Japanese	**296,621**	**52.2%**	187,524	49.5%	**58.2%**
Chinese	**148,488**	**26.1%**	70,124	18.5%	**111.8%**
Western	**78,196**	**13.8%**	73,084	19.3%	**7.0%**
Dessert	**1,142**	**0.2%**	7,301	1.9%	**(84.4%)**
Kiosks	**1,241**	**0.2%**	2,205	0.6%	**(43.7%)**
Others	**1,160**	**0.2%**	–	0.0%	**100.0%**
Total revenue	**568,056**	**100.0%**	379,023	100.0%	**49.9%**

When compared to FY2021, the increase in revenue is attributable to the opening of new restaurants discussed above, the increase in average spending and the change in dining habits of customers by taking dinners earlier due to the restrictive Hong Kong Government Social Distancing requiring restaurants to close at 10:00 p.m. However, the increase has been offset by the closure of some of our restaurants discussed above and the implementation of the strict social distancing measures in January 2022.

Impact of COVID-19 on Revenue

	FY2020 Full Year	FY2021 Full Year	Baseline June 2020	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	Year Ended 31.03.2022
Average revenue per restaurant per day	90%	68%	100%	97%	108%	112%	48%	92%

The average revenue per restaurant per day for FY2022 is slightly lower the baseline (June 2020, the highest month in terms of average revenue per restaurant per day during the year ended 31 March 2021). However, the average revenue per restaurant per day during the three months ended 31 March 2022 dropped significantly due to the restrictive social distancing measures implemented in January 2022.

Subsidies from the Hong Kong Government

Government subsidies in relation to the Anti-epidemic Fund for the fifth phase and sixth phase amounted to approximately HK$3.85 million and HK$7.7 million, respectively, of which approximately HK$10.15 million was received by the Group during FY2022. Subsidies received during FY2021 amounted to HK$32.0 million. In addition, the Group has applied for the employment support scheme from the Hong Kong Government for May, June and July 2022 totally approximately HK$14.8 million (subject to Hong Kong Government approval), which we expect to receive during the second half of 2022.

Rental Concessions

During FY2022, the Group received approximately HK$3.7 million in rental concessions from our landlords which has been set-off against depreciation of Right-of-Use Assets. During FY2021, the Group received approximately HK$6.5 million.

Major Cost Components

	Year ended				
	31.3.2022		31.3.2021		
	HK$'000	% of Revenue	*HK$'000*	% of Revenue	Changes
Raw materials and consumables used	**172,628**	**30.4%**	115,390	30.4%	**49.6%**
Staff costs	**171,016**	**30.1%**	108,724	28.7%	**57.3%**
Depreciation of property, plant and equipment	**26,584**	**4.7%**	17,978	4.7%	**47.9%**
Depreciation of ROU Assets	**87,019**	**15.3%**	68,232	18.0%	**27.5%**
Property rental and related expenses	**34,439**	**6.1%**	23,005	6.1%	**49.7%**
Utilities and cleaning expenses	**18,679**	**3.3%**	12,180	3.2%	**53.4%**
Other expenses	**31,270**	**5.5%**	23,678	6.2%	**32.1%**
Listing expenses	**–**	**0.0%**	11,291	3.0%	**(100.0%)**
Finance Costs	**9,462**	**1.7%**	6,834	1.8%	**38.5%**

CEO REPORT

Raw materials and consumables used increased by approximately 49.6% during FY2022 when compared to FY2021 is mainly due to the opening of new restaurants as discussed under revenue above. As a percentage of revenue raw materials and consumables used remained stable at 30.4%.

Staff costs increased by approximately 57.3% during FY2022 when compared to FY2021 is mainly due to the opening of new restaurants as discussed under revenue above, the increase in the number of key staff in order to optimise the roles within Group and unpaid leaves taken by all our staff during FY2021. As a percentage of revenue staff costs increased slightly from 28.7% to 30.1% when compared to FY2021. The reason for the increase is primarily due to the social distancing measures enforced during the period from January 2022 to April 2022.

Property rental and related expenses increased by approximately 49.7% when compared to FY2021. The increase is primarily due to more restaurants were in operations during FY2022. As a percentage of revenue, property rental and related expenses remained stable at 6.1%. Property rental and related expenses only includes expenses such as turnover rents, building management fees and rates.

Depreciation of property, plant and equipment and Depreciation of ROU Assets increased by approximately 47.9% and approximately 27.5%, respectively when compared to FY2021, which is primarily due to more restaurants were in operations during FY2022. In addition, the increase in depreciation of ROU Assets is also attributed by new leases under rent free periods that were under renovation. As a percentage of revenue, depreciation of property, plant and equipment and depreciation of ROU Assets remained unchanged and decreased from 18.0% to 15.3% is primarily due to the increase in the average revenue per restaurant per day when compared to the COVID-19 impacted revenue during FY2021 as these assets are depreciated on a straight-line basis. However, the increase in depreciation of ROU Assets is offset by the charging of depreciation for new leases under rent free periods that had not commenced operations.

Other expenses include items such as advertising expenses, credit card charges, delivery fees, entertainment expenses, insurance, printing and stationery, medical expenses and repairs and maintenance. Other expenses amounted to approximately HK$31,270,000, representing an increase of approximately 32.1% when compared FY2021, primarily due to more restaurants were in operations during FY2022. As a percentage of revenue, other expenses accounted for approximately 5.5% of revenue, a slight decrease compared to the 6.2% recorded during FY2021 primarily due to the increase in the average revenue per restaurant per day when compared to the COVID-19 impacted revenue during FY2021 as some expenses are fixed expenses in nature.

Listing expenses are expenses incurred in relation to the Proposed Transfer.

Net Profit and Profit Attributable to Owners of the Company

(1) Unadjusted

For the year ended 31 March 2022, net profit and profit attributable to owners of the Company amounted to approximately HK$22,088,000 and HK$26,381,000 respectively. Net profit decreased by approximately HK$2,144,000 or 8.8% and net profit attributable to owners of the Company increased by approximately HK$1,414,000 or 5.7%.

(2) Government Subsidies Deducted and Listing Expenses Added Back

Adjusted for the impact of listing expenses and the Anti-epidemic subsidies from the Hong Kong Government received during FY2022 and FY2021, net profit increased by approximately HK$8,383,000 or 235.8% and net profit attributable to owners of the Company increased by approximately HK$11,941,000 or 278.3%.

(3) Listing Expenses Added Back Only

Adjusted for the impact of listing expenses only incurred during FY2021, net profit decreased by approximately HK$13,435,000 or 37.8% and net profit attributable to owners of the Company decreased by approximately HK$9,877,000 or 27.2%.

The increases are the result of the cumulative effect of the above factors.

Financial Resources and Position

As at 31 March 2022, all borrowings had been repaid during the FY2022, representing a decrease of 100% compared to 31 March 2021. Our bank borrowing carry variable-rate at Hong Kong Dollar Best Lending Rate less 2.5% per annum. The bank borrowing is secured by the corporate guarantee of the Company.

Cash and cash equivalents amounted to HK$64.5 million as at 31 March 2022 which are mostly denominated in Hong Kong Dollars. Although the Group has entered into the JV Agreement which will be subject to the exchange rate exposure of the Renminbi, the Group's main businesses are still conducted in Hong Kong, therefore the Group does not expect to be exposed to any material foreign exchange risks in the next twelve months.

As at 31 March 2022, the Group was in a net cash position (net debt divided by equity attributable to owners of the Company plus net debt).

Contingent Liabilities

As at 31 March 2022, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 March 2022, the Group's outstanding capital commitments was approximately HK$1,334,000.

CEO REPORT

Final Dividend

The Board recommended the payment of a final cash dividend out of the retained profits under reserves of the Company of HK$0.016 per Share (2021: HK$0.04) to Shareholders whose names are on the register of members of the Company on 9 August 2022, which is subject to the approval by the Shareholders at the annual general meeting of the Company on 1 August 2022 or any adjournment thereof (the "**2022 AGM**") and compliance with the Companies Law of the Cayman Islands. The Company paid an interim dividend of HK$0.04 per Share for the six months ended 30 September 2021.

It is expected that the cheques for cash dividends will be sent by ordinary mail to the Shareholders at their own risk on or about 25 August 2022.

The Company has adopted an annual dividend pay-out policy of a ratio of not less than 50% of profit attributable to Shareholders (the "**Dividend Pay-out Ratio**"). Any amount of dividends to be declared and paid by our Company in excess of the 50% ratio will be at the discretion of our Directors taking into consideration our future operations and earnings, our business development, capital requirements and surplus, general financial conditions, contractual restrictions and such other factors as our Directors consider appropriate. Profit attributable to Shareholders amounted to approximately HK$26,381,000. Based on the estimated total dividend amount for FY2022 of HK$21,668,000, the Dividend Pay-out Ratio is 82.1% for the year ended 31 March 2022.

FUTURE PROSPECTS

With a high vaccination rate in Hong Kong, the Hong Kong Government has eased and scheduled to remove most of the social distancing measures by late June 2022. As the world starting to treat COVID-19 as an endemic, Hong Kong should follow suit and return to normal after almost two years. For the Mainland China, however, the outbreak is still not fully under controlled.

We will continue to improve of the quality of our food together with the highest standard of services. Value-for-money is the key to our success, customers need to feel that they are getting their money's worth by providing a dining experience that matches their expectation.

We have secured several outstanding locations during the past year and will continue to discuss with shopping mall landlords for new potential locations in Hong Kong and in Mainland China.

Grant of Share Options

On 16 December 2021, 3,690,000 share options (the "**Share Options**") were granted to certain eligible employees of the Group (the "**Grant**") under the share option scheme adopted by the Company on 20 December 2017 to subscribe for 3,690,000 Shares in aggregate, representing 0.95% of the total 386,932,000 issued share capital of the Company as at the date of grant. The Share Options are valid until 15 December 2031 in accordance with a predetermined vesting schedule. For details of the Grant, please refer to the announcement issued by the Company dated 16 December 2021.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my gratitude to all the staff and management team for their contribution during the period. I would also like to express my appreciation to the continuous support of our shareholders and investors.

Chan Wai Chun

Chief Executive Officer and Executive Director

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. WONG Ngai Shan *(Chairman)*

Mr. Wong, aged 47, is one of the co-founders of our Group. He is responsible for our Group's overall corporate strategies, management, business development, project planning and implementation. He has assumed a leading role in our management and is responsible for formulating business direction of our Group. Mr. Wong is a member of the remuneration committee of the Company.

Mr. Wong graduated from the City University of Hong Kong with a Higher Diploma in Accountancy and became an associate of the Association of Chartered Certified Accountants and is a Certified Public Accountant (CPA) of The Hong Kong Institute of Certified Public Accountants. Mr. Wong has over 14 years of accounting and finance experience and has worked as an auditor for Deloitte Touche Tohmatsu and as the financial controller of a company in the coating industry.

Mr. Wong started investing in the food and beverage business since 2006 and is familiar with industry trends, market behaviour, customer and supplier impact and dealing with competitions and other operational challenges. He has obtained the Basic Food Hygiene Certificate for Hygiene Managers.

Mr. Wong is the spouse of Ms. Chan Wai Chun. He is also a director of all members of our Group.

Ms. CHAN Wai Chun *(Chief Executive Officer)*

Ms. Chan, aged 45, is one of the co-founders of our Group. She is responsible for the overall day to day operation and management of our business, overseeing menu design, accounting, internal control, human resources, and staff training.

Ms. Chan holds a Postgraduate Diploma in Education (Primary) from the Hong Kong Institute of Education and a Bachelor of Science degree from The University of Hong Kong. Ms. Chan obtained the Certificate of Registration as a Teacher under the Education Ordinance. She also obtained the Certificate in Food Hygiene for Hygiene Supervisor.

Ms. Chan has over 14 years of experience in the food and beverage industry. She worked as a teacher in Hong Kong for seven years before joining our Group.

Ms. Chan is the spouse of Mr. Wong Ngai Shan. She is also a director of all members of our Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. CHAN Yuen Ting

Ms. Chan, aged 48, was appointed as an independent non-executive Director of our Company on 17 January 2018. She is the chairman of the nomination committee and compliance committees and a member of the audit committee and remuneration committee of the Company.

Ms. Chan is currently the Risk Compliance & People Director of Bravo Transport Services Limited, its subsidiaries and associated companies. Ms. Chan holds a Bachelor's degree of Social Science from The Chinese University of Hong Kong, a Master's degree in Arts, major in Public Administration and Public Policy from the University of York in the United Kingdom and a Master's degree of Law, major in International Trade and Commercial Law from the University of Durham in the United Kingdom. She was granted the award of Postgraduate Diploma of the Manchester Metropolitan University in the United Kingdom having followed an approved programme in English and Hong Kong Law (Common Professional Examination) at The University of Hong Kong (Space). Ms. Chan obtained the Postgraduate Certificate in Laws from The University of Hong Kong. She was admitted as a solicitor in Hong Kong in November 2008 and is a member of the Law Society of Hong Kong.

Ms. Chan has over 14 years of legal and compliance experience.

Mr. TSANG Siu Chun

Mr. Tsang, aged 67, was appointed as an independent non-executive Director of our Company on 17 January 2018. He is the chairman of the remuneration committee and a member of the audit committee, nomination committee and compliance committee of the Company.

Mr. Tsang holds a Bachelor's degree in Arts from the University of Toronto.

Mr. Tsang serves as the managing director of An Seng Enterprises Limited which is principally engaged in the manufacturing and sales of furniture and home decoration products and the managing director of Chan Seng Yee Estates Ltd which is principally engaged in estates agency investment. He was the chairman of Po Leung Kuk from 1992 to 1993. Mr. Tsang was appointed as a Non-official Justice of Peace since June 1993. He was the Vice President of An Kwei Clans Association (H.K.) Ltd from 2011 to 2017, and President from 2017 to 2021, and is currently Permanent Honorary President. Mr. Tsang is also the Permanent Honorary President of Hong Kong Federation of Quanzhou Association and the Vice Chairman of Hong Kong Federation of Fujian Associations Ltd.

Mr. WANG Chin Mong

Mr. Wang, aged 50, was appointed as an independent non-executive Director of our Company on 17 January 2018. He is the chairman of the audit committee and a member of the remuneration committee, nomination committee and compliance committee of the Company.

Mr. Wang became an associate of the Hong Kong Society of Accountants in October 1999 and a fellow member of The Association of Chartered Certified Accountants in July 2004. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Wang has more than 27 years of experience in the fields of auditing, accounting and finance.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Yu Man To Gerald ***(Chief Financial Officer and Company Secretary)***

Mr. Yu, aged 55, is the Chief Financial Officer and Company Secretary of our Company who joined our Group in April 2017. He is mainly responsible for human resources, administration, secretarial and financial matters of our Group. Mr. Yu holds a Bachelor's degree in Business and a Master's degree in Business Administration. Mr. Yu was admitted as a fellow member of CPA Australia (FCPA (Aust.)) and a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA). Mr. Yu has over 29 years of experience in accounting, finance, management and company secretarial field. Prior to joining the Company, Mr. Yu has worked as the chief financial officer and company secretary of China MeiDong Auto Holdings Limited (1268.HK), Sound Global Limited (967.HK and E6E.SI), Wai Chun Mining Industry Group Company Limited (now known as Wai Chun Bio-Technology Limited, 660.HK), Wai Chun Group Holdings Limited (1013.HK) and Towngas China Company Limited (now known as Towngas Smart Energy Company Limited, 1083.HK) ("**Towngas**"). Mr. Yu also worked as the company secretary of Sinolink Worldwide Holdings Limited (1168.HK). Mr. Yu was with Towngas for almost nine years and was with an international accounting firm for over seven years prior to joining Towngas.

Mr. LOW Josepph ***(Chief Operating Officer)***

Mr. Low, aged 42, is the Chief Operating Officer of our Group who joined in May 2021, Mr. Low leads the corporate development and overall operations of the businesses, bringing with him a wealth of experience in various field of work from the restaurant Industry internationally and in the Asia Pacific Region. He also has both technical and business knowledge with a Diploma in Culinary Skills from the Singapore Hotel & Tourism Education Center and a Master's degree in Business Administration from the Management Development Institute of Singapore. Other experiences include ISO certification knowledge, food safety management systems, Halal certification processes, workplace safety certifications, hygiene officer certification and various others process knowledge.

Mr. LO Ka Ki ***(Head of Operations – Asian & Western Cuisine)***

Mr. Lo, aged 46, joined the Group in June 2021 as the Group Executive Chef. Mr. Lo has over 28 years of experience culinary field working for the Ritz Carlton, Caprice and as the executive chef at the Gia Group and Bo Innovation. During his time at Bo Innovation, the restaurant was awarded two Michelin Stars in 2009 and upgraded to three Stars in 2014. He also help Bo London and MIC HK on gaining a Michelin Star.

Ms. LEE Ching Ha Virginia ***(Associated Director)***

Ms. Lee, aged 41, is an associated director of our Company who joined our Group in September 2013. She is primarily responsible for the general administration of the Group. Ms. Lee obtained an Associate in Arts Degree from the Northeast Iowa Community College and holds a Bachelor's degree in Business. Prior to joining our Group, Ms. Lee worked as customer services supervisor at ET Business College Limited (a member of Hong Kong Economic Times Holdings Limited), and worked for PricewaterhouseCoopers as an administrator.

Mr. CHAN Ka Shing *(Head of Projects)*
Mr. Chan, aged 34, is our Head of Projects responsible for the new projects of our Group. Mr. Chan joined our Company in September 2014, responsible for the opening of our new stores, including the decoration, floor plan and design of our different brands of restaurants. Mr. Chan completed a bartending course in December 2010. He obtained the Merit Awards in the Asian Cocktail Championship, De Kuyper Cocktail Championship and Creative Classic and Bartending Flair. Mr. Chan was awarded the Certificate in Food Hygiene for Hygiene Supervisor and obtained the Level 2 Award in Food Safety in Catering. Mr. Chan worked for IPC Foodlab as an assistant restaurant manager, as a management trainee in the food and beverage department of Page One The Designer's Bookshop (HK) Ltd. He also worked as a bar supervisor for the Nabe One Limited.

Ms. CHAK Hoi Shan *(Head of Human Resources)*
Ms. Chak, aged 36, is our Head of Human Resources. Ms. Chak joined our Group in March 2018. Ms. Chak was certificated by the Hong Kong Institute of Accredited Accounting Technicians in 2011. Ms. Chak has worked for an International Japanese Food and Beverage Group responsible for operations, human resource, internal control and finance. She has assisted to set up, operate and manage restaurants located in Hong Kong International Airport and prime areas covering Hong Kong Island, Kowloon and New Territories. Ms. Chak has worked for a Japanese business support company and provided human resource, operation, finance and other back office support service and advice to her clients including Japanese catering related company e.g. Yakiniku restaurants, Izakaya restaurants and Wagyu beef retails etc.

Ms. LOW Sook Kuan Irene *(Head of Marketing & Communications)*
Ms. Low, aged 43 joined the Group in July 2020 as Head of Marketing & Communications. She has nearly 20 years of experience in hospitality industry and her past duties included a full spectrum of functions covering sales, events and marketing management. Mr. Low holds a diploma in journalism from MDIS Singapore in partnership with University of Oklahoma. She has also completed various management programmes namely strategic hospitality management, financial management, and strategic marketing for hotels and restaurants from Cornell University. Prior to joining the Group, she held senior management positions in recognized companies focusing on marketing, operation, sales, etc.

Mr. WONG Chun Kuen *(Head of Procurement and Leasing)*
Mr. Wong, aged 43, is our Head of Procurement and Leasing who joined our Group in June 2015. Mr. Wong is responsible for all procurements and leasing matters of our Group. Mr. Wong holds a Bachelor's degree in Public Administration and Management with honours. Mr. Wong was certificated by Travel Industry Council of Hong Kong in 2003. Mr. Wong worked as a manager for Xiamen Gangpin Imp & Exp Co. Ltd. overseeing the development of new markets including the sourcing, import and sales of wine in the Fujian and Guangdong provinces of the PRC and worked as a merchandiser for A.Y.N. Accessories Trading Limited and Joy Life Ltd. Mr. Wong is a nephew of Mr. Wong Ngai Shan, our Controlling Shareholder and Executive Director, and is therefore an associate of a connected person of our Company.

REPORT OF THE DIRECTORS

The Board has pleasure in presenting the Report of the Directors and the audited consolidated financial statements of the Group for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the operation of full-service restaurants and kiosks in Hong Kong. Particulars of the subsidiaries are set out in note 40 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 March 2022 and a discussion on the Group's future business development are provided in the section "Chairman's Statement" and "CEO Report" of this Annual Report. A discussion on the Group's environmental policies and performance, an account of the Group's key relationships with its stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group can be found in the "Corporate Governance Report" of this Annual Report.

Description of possible risks and uncertainties that the Group may be facing can be found in Notes 36 and 37 to the consolidated financial statements.

Also, the financial risk management objectives and policies of the Group can be found in Note 37 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the "Financial Summary" on page 4 of this Annual Report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2022 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on page 53 to page 58 of this Annual Report.

The Directors have recommended the payment of a final cash dividend out of retained profits under reserves of the Company of HK$0.016 per share (the "**Final Dividend**"). The Company paid a final dividend of HK$0.04 per Share for the year ended 31 March 2021 and did not pay an interim dividend for the six months ended 30 September 2020. The Company paid an interim dividend of HK$0.04 per Share for the six months ended 30 September 2021.

The Final Dividend will be paid to shareholders whose names are on the register of members of the Company on 9 August 2022. Subject to approval by shareholders at the annual general meeting of the Company (the "**AGM**") to be held on 1 August 2022 and compliance with the Companies Law of the Cayman Islands, the final dividend will be paid on or about 25 August 2022 and the register of members of the Company will be closed from 8 August 2022 to 9 August 2022, both days inclusive, during which period no transfer of shares will be registered.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2022 are set out in the consolidated statement of changes in equity set out on page 55 of this Annual Report.

The Company's reserves available for distribution to shareholders as at 31 March 2022 amounted to HK$56,752,000 (2021: HK$41,208,000), subject to the applicable statutory requirements under the laws of the Cayman Islands.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for each of the five financial years ended 31 March 2022 is set out on page 4 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2022 are set out in Note 15 to the consolidated financial statements.

TAX RELIEF

The Company is not aware of any tax relief available to shareholders by reason of their holdings in the Company's securities.

Under current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year ended 31 March 2022 are set out in Note 34 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 March 2022 and up to the date of this Annual Report were as follows:

Executive Directors
Mr. Wong Ngai Shan *(Chairman)*
Ms. Chan Wai Chun *(Chief Executive Officer)*

Independent Non-executive Directors
Ms. Chan Yuen Ting
Mr. Tsang Siu Chun
Mr. Wang Chin Mong

The biographical details of the Directors and senior management of the Company are set out on pages 18 to 21 of this Annual Report.

REPORT OF THE DIRECTORS

In accordance with Article 84 of the articles of association of the Company (the "**Articles of Association**"), Mr. Tsang Siu Chun and Mr. Wang Chin Mong shall retire from office by rotation at the AGM and, all of them being eligible, would offer themselves for re-election.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the GEM Listing Rules. The Company considers all the independent non-executive Directors to be independent.

Directors' Service Contracts

Mr. Wong Ngai Shan and Ms. Chan Wai Chun have each entered into a service agreement with the Company for a term of three years commencing with effect from 17 January 2022, which continues thereafter until terminated by either party giving not less than three months' notice in writing to the other party.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years from 17 January 2022, which can be terminated by either party giving not less than three months' notice in writing to the other party. Each of the independent non-executive Directors is subject to the provisions for retirement by rotation and re-election at the AGM in accordance with the Articles of Association.

Save as disclosed above, no Director proposed for re-election at the AGM has service agreement with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Remuneration

Details of emoluments of the Directors are set out in Note 12 to the consolidated financial statements.

Each of the independent non-executive Directors is entitled to a director's fee of HK$100,000 per annum. Save for Director's fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

The Directors' fees are subject to the Shareholders' approval at the AGM. Other emoluments are determined by the Board with reference to the recommendations from the Remuneration Committee taking into account the directors' duties, responsibilities and performance and the results of the Group.

Interests in Contracts

Other than as disclosed in Note 39 to the consolidated financial statements, there is no contract of significance to which the Company, its holding company, or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Competing Business

Save as disclosed in this Annual Report, none of the Directors or their respective associates (as defined in the GEM Listing Rules) had any interests in any business (apart from the Group's business), which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the year and up to the date of this Annual Report.

REPORT OF THE DIRECTORS

Directors' and Chief Executive's Interests and Short positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 31 March 2022, 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 corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long Positions in Shares

Name of Director	Capacity	Number of Shares Held	Approximate percentage of shareholding
Mr. Wong Ngai Shan ("**Mr. Wong**")	Interest in controlled corporation and interest of spouse	260,302,000	67.273%
Ms. Chan Wai Chun ("**Ms. Chan**")	Interest in controlled corporation and interest of spouse	260,302,000	67.273%
Mr. Tsang Siu Chun	Beneficial owner	20,000	0.005%

Notes:

1. IKEAB Limited is owned by Mr. Wong as to 70% and Ms. Chan as to 30%. As such Mr. Wong and Ms. Chan are deemed to be interested in the Shares owned by IKEAB Limited by virtue of the SFO.

2. Elite China Enterprise Limited ("**Elite China**") is owned by Mr. Wong as to 50% and Ms. Chan as to 50%. As such Mr. Wong and Ms. Chan are deemed to be interested in 9,984,000 Shares held by Elite China as at 31 March 2022 by virtue of the SFO.

3. Mr. Wong is the spouse of Ms. Chan.

Save as disclosed above, as at 31 March 2022, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

Interests and Short Position of Substantial Shareholders' and Other Person in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 March 2022, the interests and short positions of substantial shareholders and other persons (other than a Director or chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long Position in Shares

Name of Shareholder	Capacity	Number of Shares Held	Approximate percentage of shareholding
Mr. Wong	Interest in controlled corporation and interest of spouse	260,302,000	67.273%
Ms. Chan	Interest in controlled corporation and interest of spouse	260,302,000	67.273%
IKEAB Limited	Beneficial owner	250,318,000	64.693%

Notes:

1. IKEAB Limited is owned by Mr. Wong as to 70% and Ms. Chan as to 30%. As such Mr. Wong and Ms. Chan are deemed to be interested in the Shares owned by IKEAB Limited by virtue of the SFO.

2. Elite China Enterprise Limited ("**Elite China**") is owned by Mr. Wong as to 50% and Ms. Chan as to 50%. As such Mr. Wong and Ms. Chan are deemed to be interested in 9,984,000 Shares held by Elite China as at 31 March 2022 by virtue of the SFO.

3. Mr. Wong is the spouse of Ms. Chan.

Save as disclosed above, as at 31 March 2022, the Directors are not aware of any interests and short positions owned by any parties (other than a Director) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.

Short Positions in Shares and Underlying Shares in the Company

As at 31 March 2022, the Company had not been notified of any short positions being held by any substantial Shareholder in the Shares or underlying Shares of the Company.

SHARE OPTION SCHEME

Pursuant to the Company's share option scheme adopted by the Shareholders on 20 December 2017 (the "**SOS**"), the Board may, at its sole discretion, invite any director or proposed director (including an independent non-executive director) of any member of our Group, any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of our Group (an "**Employee**"), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (an "**Executive**"), a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group, or any advisory, consultancy, professional or other services to any member of our Group, or a close associate (as defined under the GEM Listing Rules) of any of the foregoing persons (together, the "**Eligible Persons**" and each an "**Eligible Person**").

The purpose of the Share Option Scheme is to motivate Eligible Persons to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives, to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The exercise price of the share option will be determined at the higher of the average of closing prices of the Shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the option, the closing price of the Shares on the Stock Exchange on the date of grant or the nominal value of the Shares.

The SOS will remain in force for a period of 10 years commencing on 17 January 2018.

The share options under the SOS are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years after the date of grant.

The total number of Shares in respect of which options may be granted under the SOS is not permitted to exceed 10% of the Shares in issue on the Listing Date without prior approval from the Shareholders. No option may be granted in any 12-month period to any one Eligible Person which if exercised in full would result in the total number of Shares already issued and issuable to him under all the options previously granted to him and the said option exceeding 1% of the number of Shares issued and issuable under all the options which may be granted under the SOS or any other share option schemes at the time it is proposed to grant the relevant options to that employee.

Each grant of share options to a Director, chief executive or substantial Shareholder of our Company or any of their respective associates under the SOS shall be approved by Independent Non-executive Directors of our Company (excluding the Independent Non-executive Director of our Company who is the proposed grantee of the share options). Where any grant of share options to a substantial Shareholder or an Independent Non-executive Director of our Company or any of their respective associates would result in the securities issued and to be issued upon exercise of all share options already granted and which may be granted (including share options exercised, cancelled and outstanding) to such person 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, such further grant of share options must be approved by our Shareholders.

The Company shall send a circular to our Shareholders containing the information required under Rule 23.04 of the GEM Listing Rules. The relevant Eligible Person, his associates and all core connected persons of our Company shall abstain from voting at such general meeting. Any vote taken at the meeting to approve the grant of such share options must be taken on a poll.

Share options granted under the SOS must be taken up within the time period to be stated on the letter containing the offer of the grant of the share options, upon payment of HK$1.00 per grant.

As at the date of this report, a total of 40,000,000 Shares may be granted under the SOS, representing approximately 10.3% of the issued share capital of the Company.

As at 31 March 2022, the Company had 7,610,000 share options outstanding under the SOS, representing approximately 2.0% of the issued share capital of the Company. Details of the share options outstanding as at the date of this report are as follows:

Option Type	Date of Grant	Exercisable Period	Exercise Price (HK$)
2018 Options	29 June 2018	29 June 2019 to 28 June 2028	0.92
	29 June 2018	29 June 2020 to 28 June 2028	0.92
	29 June 2018	29 June 2021 to 28 June 2028	0.92
2019 Options	9 August 2019	9 August 2020 to 8 August 2029	0.85
	9 August 2019	9 August 2021 to 8 August 2029	0.85
	9 August 2019	9 August 2022 to 8 August 2029	0.85
2021 Options	16 December 2021	16 December 2022 to 15 December 2031	0.90
	16 December 2021	16 December 2023 to 15 December 2031	0.90
	16 December 2021	16 December 2024 to 15 December 2031	0.90

The following table discloses movements in the share options of the Company during the year:

Eligible Person	Options Type	Date of Grant	Exercisable Period	Exercise Price (HK$)	Number of Shares subject to the outstanding options as at 01.04.2021	Granted during the year	Exercised during the year	Lapsed during the year	Number of Shares subject to the outstanding options as at 31.03.2022	Weighted average closing price of Shares immediately before the date on which the options were exercised
Category 1: Employees	2018 Options	29 June 2018	29 June 2019 to 28 June 2028	0.92	765,000	–	–	(105,000)	660,000	–
			29 June 2020 to 28 June 2028	0.92	765,000	–	–	(105,000)	660,000	–
			29 June 2021 to 28 June 2028	0.92	1,020,000	–	–	(140,000)	880,000	–
	2019 Options	9 August 2019	9 August 2020 to 8 August 2029	0.85	576,000	–	–	(60,000)	516,000	–
			9 August 2021 to 8 August 2029	0.85	576,000	–	–	(60,000)	516,000	–
			9 August 2022 to 8 August 2029	0.85	768,000	–	–	(80,000)	688,000	–
	2021 Options	16 December 2021	16 December 2022 to 15 December 2031	0.90	–	1,107,000	–	–	1,107,000	–
			16 December 2023 to 15 December 2031	0.90	–	1,107,000	–	–	1,107,000	–
			16 December 2024 to 15 December 2031	0.90	–	1,476,000	–	–	1,476,000	–
Total					**4,470,000**	**3,690,000**	**-**	**(550,000)**	**7,610,000**	

A total of 3,690,000 share options were granted during the year ended 31 March 2022.

Note:

(1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

The fair value of Options Granted amounted to approximately HK$358,000 (the "**Options Fair Value**") or HK$0.0971 per share option, which will be amortised over the vesting period of the Options Granted. The value of the Options Granted was calculated using the Binomial Model based on the following assumptions:

Valuation date	16 December 2021
Exercise price	HK$0.90
Share price at effective grant date	HK$0.88
Expected volatility	30.13%
Risk-free interest rate	1.12%
Contractual life of Options Granted	10 years
Expected dividend yield	9.091%

Notes:

(1) The risk-free rate represents the yields to maturity of Hong Kong Sovereign Curve with respective terms to maturity as at the valuation date.

(2) Volatility is the annualised standard deviation of daily return of comparable companies' share price.

The volatility of the underlying Shares during the life of the Options Granted was estimated with reference to the historical volatility prior to the grant of the share options. Changes in such input assumptions could affect the fair value estimates.

During the year ended 31 March 2022, approximately HK$133,000 of the Options Fair Value was amortised in the accounts of the Company.

CONNECTED TRANSACTION

During the year ended 31 March 2022, the Group had no transaction which need to be disclosed as connected transaction in accordance with the requirements of the GEM Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in normal course of business are set out in note 39 to the consolidated financial statements.

NON-COMPETITION UNDERTAKINGS

Each of the controlling Shareholders has provided to the Company a written confirmation in respect of his/its compliance with the Non-Compete Undertakings dated 20 November 2017 (the "**non-complete undertakings**") for the year ended 31 March 2022. The independent non-executive Directors have also reviewed the status of compliance by each of the controlling Shareholders with the undertakings in the Non-Compete Undertakings and have confirmed that, as far as he/it can ascertain, there is no breach of any of the undertakings in the Non-Compete Undertakings.

BORROWINGS

Particulars of borrowing of the Group as at 31 March 2022 are set out in note 28 to the consolidated financial statements.

DONATIONS

During the year ended 31 March 2022, the Group made charitable and other donations amounting to HK$214,000.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, there is sufficient public float of not less than 25% of the Shares in issue as required under the GEM Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

We target the general public and have a large and diverse customer base in Hong Kong. Owing to the nature of our business, we do not rely on any single customer. During the year, the percentage of revenue attributable to the Group's five largest customers was less than 30%. The five largest suppliers of the Group in aggregate accounted for about 32% of its operating costs for the year. Purchases from the largest supplier accounted for about 21% of its operating costs for the year. None of the Directors, their associates, or any shareholder (who to the knowledge of the Directors owned more than 5% of the Company's Share capital) had any interest in the Group's five largest suppliers.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2022.

EMOLUMENT POLICY

As at 31 March 2022, the Group had a total of 790 employees, of which approximately 88% are situated in Hong Kong. In addition to offering competitive remuneration packages to employee, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group.

The remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the Directors. No Director, or any of his associates, and executive, is involved in dealing with his own remuneration.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the schemes is set out in Note 41 to the consolidated financial statements and under the heading "Share Option Scheme" in this report.

CORPORATE GOVERNANCE

During the year ended 31 March 2022, the Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "**CG Code**").

REPORT OF THE DIRECTORS

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2022 have been audited by Deloitte Touche Tohmatsu, the Company's auditors. A resolution will be proposed at the AGM to re-appoint Deloitte Touche Tohmatsu as the auditors of the Company.

This report is signed for and on behalf of the Board.

Chan Wai Chun
Executive Director and Chief Executive Officer

Hong Kong, 23 June 2022

CORPORATE GOVERNANCE REPORT

The Directors and other members of the management team of the Company are dedicated to maintain high standards of corporate governance. They will continue to exercise leadership, enterprise, integrity and judgement so as to achieve continuing prosperity and to act in the best interests of the Company and its Shareholders as a whole in a transparent and responsible manner. Strategic development with prudence and adherence to ethical principles form the core of the Company's corporate governance practices.

The Company continues to devote efforts on promoting good corporate governance so as to ensure its ability to attract investment, protect the rights of the Shareholders and stakeholders, and enhance Shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the CG Code as its own code on corporate governance practices. The Company has taken various measures to cope with the latest development in the corporate governance regime.

The Company has complied with the code provisions as set out in the CG Code during the year ended 31 March 2022.

The Board continues to monitor and review the Company's corporate governance practices to ensure compliance.

BOARD OF DIRECTORS

Composition of the Board

As at the date of this Annual Report, the Board comprises five members as follows:

Executive Directors
Mr. Wong Ngai Shan *(Chairman)*
Ms. Chan Wai Chun *(Chief Executive Officer)*

Independent Non-executive Directors
Ms. Chan Yuen Ting
Mr. Tsang Siu Chun
Mr. Wang Chin Mong

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 18 to 19 of this Annual Report.

The Company has arranged appropriate directors' and officers' liabilities insurance for Directors and officers of the Company. The insurance coverage is reviewed on an annual basis.

Each independent non-executive Director has confirmed, in accordance with the guidelines for assessing independence set out in Rule 5.09 of the GEM Listing Rules that he or she is independent of the Company and the Company also considers that all of them are independent.

Except for the spousal relationship between Mr. Wong Ngai Shan and Ms. Chan Wai Chun as disclosed in the biographical details on page 18 of this Annual Report, there is no relationship (including financial, business, family or other material/relevant relationship) between any members of the Board and the Group.

The list of Directors is disclosed in all corporate communications issued by the Company from time to time pursuant to the GEM Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the GEM Listing Rules.

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing from 17 January 2021, which continues thereafter until terminated by either party giving not less than three months' notice in writing to the other party.

Each of the independent non-executive Directors, namely, Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Mong has entered into a letter of appointment with the Company for a term of three years from 17 January 2021, which can be terminated by either party giving not less than three months' notice in writing to the other party.

Pursuant to the Articles of Association, at least one-third of the Directors shall retire from office but are eligible for re-election by the Shareholders at each annual general meeting of the Company and each Director shall retire on a rotational basis at least once every three years.

During the year, the Board had at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise pursuant to Rule 5.05 of the GEM Listing Rules and the appointment of independent non-executive Directors representing at least one-third of the Board pursuant to Rule 5.05A of the GEM Listing Rules.

Functions of the Board

The Board, headed by the chairman of the Board (the "**Chairman**"), is responsible for formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management.

The executive Directors are responsible for day-to-day management of the Company's operations, financial management and conducting meetings with senior management of the Group, at which operational issues and financial performance are evaluated.

The Company considers that internal control system and risk management function are essential, and the Board plays an important role in implementing and monitoring internal control system and risk management function.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration, operation of the Company and so forth, are reviewed by the Board on a periodic basis. The management shall report back to the Board. In addition, the Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

CORPORATE GOVERNANCE REPORT

The Articles of Association sets out the responsibilities and proceedings of the Board. The Board meets regularly, at least four times a year, to consider operational reports and policies of the Company. Significant operational policies are discussed and passed by the Board.

Corporate Governance Functions

The Board is responsible for performing corporate governance duties that include:

(a) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;

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

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

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

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

During the year ended 31 March 2022, the Board approved the terms of reference of the Board (with respect to corporate governance duties), and the terms of reference of the Nomination Committee, the Audit Committee and the Remuneration Committee and the Shareholders communication policy of the Company (the "**Shareholders communication Policy**").

Directors' Training and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the GEM Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and management to enrol in a wide range of professional development courses and seminars relating to the GEM Listing Rules, companies ordinance/act and corporate governance practices organized by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, the Company Secretary updates and provides written training materials on the latest developments of applicable laws, rules and regulations to the Directors.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the Code on continuous professional development during the year:

Corporate Governance/Updates on laws, rules and regulations

	Reading Materials	Attending Seminars/ in-house workshops
Executive Directors:		
Mr. Wong Ngai Shan *(Chairman)*	✓	✓
Ms. Chan Wai Chun *(Chief Executive Officer)*	✓	✓
Independent Non-Executive Directors:		
Ms. Chan Yuen Ting	✓	✓
Mr. Tsang Siu Chun	✓	✓
Mr. Wang Chin Mong	✓	✓

Board Meetings

Code provision A.1.1 of the Code prescribes that at least four regular board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication. Due notices and board papers were given to all Directors prior to each meeting in accordance with the Articles of Association and the Code.

During the year ended 31 March 2022, five Board meetings were held. Details of individual attendance of each of the Directors are set out below:

	Attendance/ Number of Meetings Eligible to Attend
Executive Directors:	
Mr. Wong Ngai Shan *(Chairman)*	5/5
Ms. Chan Wai Chun *(Chief Executive Officer)*	5/5
Independent Non-Executive Directors:	
Ms. Chan Yuen Ting	5/5
Mr. Tsang Siu Chun	5/5
Mr. Wang Chin Mong	5/5

Board Process

Directors are provided with relevant information to make informed decisions. The Board and each Director have separate and independent access to the Company's senior management for information and making enquires if necessary. In addition, Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

Every Director is entitled to have access to the advice and services of the Company Secretary with a view to ensure that the Board procedures, and all applicable rules and regulations, are complied with. All minutes are kept by the Company Secretary and are opened for inspections by any Director during normal office hours by giving reasonable advance notice.

If a substantial Shareholder or a Director has a conflict of interest in a matter before the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent board committee will be set up to deal with the matter.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person. The Chairman is Mr. Wong Ngai Shan; and the chief executive officer of the Company (the "**Chief Executive Officer**") is Ms. Chan Wai Chun. The roles of Chairman and Chief Executive Officer are separate. Such division of responsibilities has been clearly established. It allows a balance of power between the Board and the management of the Group, and ensures the independence and accountability of each of the Board and management of the Group. The Chairman oversees the Board so that it acts in the best interests of the Group. With the support of the executive Director and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and that they receive adequate, clear, complete and reliable information in a timely manner. The Chairman has overall responsibility for providing leadership, vision and direction regarding business development of the Group and ensuring that good corporate governance practices and procedures are established.

The Chief Executive Officer, who is assisted by the Company's senior management team, is responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and maintaining an effective executive support team. The Chief Executive Officer is accountable to the Board for keeping the Chairman and all the Directors fully informed of all major business developments and issues.

Responsibilities of the Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its Shareholders. Their responsibilities include:

- attending regular Board meetings focusing on business strategy, operational issues and financial performance;
- active participation on the boards of subsidiaries and associated companies;
- approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;

- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- consideration of misuse of corporate assets and abuse in related party transactions; and
- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to meet their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

Delegation by the Board

The Company has set out the respective functions and responsibilities reserved to the Board and those delegated to management staff under the supervision of the Board and its committees. The Board delegates day-to-day operations of the Group to executive Directors and senior management while reserving certain key matters for its approval, such as policy matters, strategies and budgets, internal control and risk management, material transactions (in particular, transactions that may involve conflict of interests), approval of financial results, the setting of budget and dividend policy, matters relating to the Company's share capital, appointment of Directors and other significant operational matters of the Company. The management reports to, and is accountable to, the Board. Decisions of the Board are communicated to the management through, among others, executive Directors who have attended the board meetings.

BOARD DIVERSITY POLICY

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development.

The Board has adopted a Board Diversity Policy which sets out the approach to achieve and maintain diversity on the Board.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other qualities. The Company also takes into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board.

Nomination Committee has considered measurable objectives based on four focus areas: gender, age, professional experience and ethnicity to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Board Diversity Policy is available on the website of the Company at tastegourmet.com.hk for public information.

STAFF DIVERSITY

The Group had a workforce of 790 employees as of 31 March 2022, of which, approximately 46.7% of the workforce (including senior management) were female and 33.3% of the Group's senior management positions (excluding Directors) were held by female. The Group considers the total diversity (including gender diversity) of the Group is balanced as a whole and intends to maintain a similar level of gender diversity of the overall workforce, and will continue to promote diversity through training programs, employee networks, equitable hiring and recruitment practices.

NOMINATION POLICY

The Nomination Committee has formulated and set out a nomination policy ("**Nomination Policy**"). The objective of the Nomination Policy is to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. To ensure changes to the Board composition can be managed without undue disruption, a formal, considered and transparent procedure is in place for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary). The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities.

DIVIDEND POLICY

The Company has adopted a dividend policy to pay an annual dividend at a ratio of no less than 50% of profit attributable to owners of the Company.

BOARD COMMITTEES

The Company has set up a number of committees of the Board, including the Remuneration Committee, the Audit Committee, the Nomination Committee and the Compliance Committee, with specific terms of reference relating to their authority and duties, which strengthen the Board's functions and enhance its expertise.

Remuneration Committee

The Remuneration Committee comprises one executive Director, Mr. Wong Ngai Shan and three independent non-executive Directors, namely Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Mong. Mr. Tsang Siu Chun is the chairman of the Remuneration Committee.

The Remuneration Committee was established in December 2017 and written terms of reference of the Remuneration Committee have been adopted by the Board and posted on the websites of the Company and the Stock Exchange.

The Remuneration Committee's responsibilities include but not limited to the review and consideration of the Company's remuneration policy for the Directors and senior management, the recommendations to the Board on the remuneration packages of individual executive Director and senior management including benefits in kind, pension rights and compensation payments, and recommendations relating to remunerations of independent non-executive Directors.

During the year ended 31 March 2022, one Remuneration Committee meeting was held. Details of individual attendance of each of the Directors are set out below:

	Attendance/ Number of Meetings Eligible to Attend
Mr. Tsang Siu Chun *(Chairman)*	2/2
Ms. Chan Yuen Ting	2/2
Mr. Wang Chin Mong	2/2
Mr. Wong Ngai Shan	2/2

The Group remunerates its employees based on their individual performance, job nature and responsibilities. The Group also provides training and various benefits to its employees including medical welfare, provident funds, bonuses and other incentives. The Group also encourages its employees to pursue a balanced life and provides a good working environment to maximize their potential and contribution to the Group.

The remuneration of the members of the senior management (including all Executive Directors) by band for the year ended 31 March 2022 is set out below:

Remuneration bands	Number of person(s)
HK$1,000,000 to HK$2,000,000	1
HK$2,000,000 to HK$3,000,000	1

Audit Committee

The Audit Committee comprises Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Mong, all of whom are independent non-executive Directors. Mr. Wang Chin Mong is the chairman of the Audit Committee.

The Audit Committee was established in December 2017 and written terms of reference, which describe the authority and duties of the Audit Committee have been adopted and posted on the websites of the Company and the Stock Exchange, and are regularly reviewed and updated by the Board.

The Audit Committee reports directly to the Board and reviews financial statements and internal control, and to protect the interests of the Shareholders.

The Audit Committee meets regularly with the Auditors to discuss various accounting issues, and reviews the effectiveness of internal controls.

During the year ended 31 March 2022, four Audit Committee meetings was held. Details of individual attendance of each of the Directors are set out below:

	Attendance/ Number of Meetings Eligible to Attend
Mr. Wang Chin Mong *(Chairman)*	4/4
Ms. Chan Yuen Ting	4/4
Mr. Tsang Siu Chun	4/4

A meeting of the Audit Committee was held on 23 June 2022 to review the Group's consolidated financial statements for the year ended 31 March 2022, in conjunction with the Group's external auditor, Deloitte Touche Tohmatsu.

Nomination Committee

The Nomination Committee comprises Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Mong, all of whom are independent non-executive Directors. Ms. Chan Yuen Ting is the chairman of the Nomination Committee.

The Nomination Committee was established in December 2017 and written terms of reference of the Nomination Committee have been adopted by the Board and are posted on the websites of the Company and the Stock Exchange which conforms with the revised GEM Listing Rules which became effective on 1 January 2019.

The Nomination Committee's responsibilities include but not limited to formulating policy and making recommendation to the Board on nominations and appointments of Directors and Board succession.

The Nomination Committee is also responsible for reviewing the structure, size and composition of the Board taking into account of the Company's Board Diversity Policy, assessing independence of the independent non-executive Directors, making recommendations on any proposed changes to the Board (including suspension or termination), review the business, technical, or specialised skills and experience or each Director or potential Director and the ability, time, commitment and willingness of a new Director to serve and an existing to continue.

Having reviewed the written confirmation from each of the independent non-executive Director, the Nomination Committee is satisfied that each independent non-executive Director conforms to the independence requirement as set out in Rule 5.09 of the GEM Listing Rules.

During the year ended 31 March 2022, one Nomination Committee meeting was held. Details of individual attendance of each of the Directors are set out below:

	Attendance/ Number of Meetings Eligible to Attend
Ms. Chan Yuen Ting *(Chairman)*	1/1
Mr. Tsang Siu Chun	1/1
Mr. Wang Chin Mong	1/1

Nomination of Directors

On 23 June 2022, the Nomination Committee, having reviewed the Board's composition, nominated Mr. Tsang Siu Chun and Mr. Wang Chin Mong to the Board for recommendation to the Shareholders for re-election at the 2022 AGM. The nominations were made in accordance with the Nomination Policy and the Board Diversity Policy. Mr. Tsang Siu Chun and Mr. Wang Chin Mong, who are members of the Nomination Committee, abstained from voting when their respective nomination was being considered.

The biographical details of Mr. Tsang Siu Chun and Mr. Wang Chin Mong are set out under "Biographical Details of Directors and Senior Management" on pages 18 to 21 of this Annual Report.

Compliance Committee

The Compliance Committee comprises Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Mong, all of whom are independent non-executive Directors. Ms. Chan Yuen Ting is the chairman of the Compliance Committee.

The Compliance Committee was established in December 2017 and its responsibilities include but not limited to:

- review the effectiveness of our Group's regulatory compliance procedures and system, including operational and compliance procedures and risk management functions;

- assess and review the adequacy of resources and training provided to our management and staff in relation to our Group's regulatory compliance functions; and

- receive and handle any actual or potential non-compliance matters and engage external professional advisers where necessary.

During the year ended 31 March 2022, one Compliance Committee meeting was held. Details of individual attendance of each of the Directors are set out below:

	Attendance/ Number of Meetings Eligible to Attend
Ms. Chan Yuen Ting *(Chairman)*	1/1
Mr. Tsang Siu Chun	1/1
Mr. Wang Chin Mong	1/1

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for the Company's risk management and internal control systems and for reviewing its effectiveness. The Group's internal audit department and senior management conduct reviews of the effectiveness of the risk management and internal control systems of the Group. The Audit Committee reviews the findings and recommendations of the senior management in their meetings held at least four times a year and reports to the Board on such review.

The key feature of the Group's risk management and internal control systems is to effectively identify and evaluate emerging risks and risk changes both quantitatively and qualitatively, and to promptly manage such risks with appropriates responses and mitigation strategies.

The risk management and internal control systems are designed to manage, rather than eliminate business risk; to help safeguard the Group's assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss. In addition, it should provide a basis for the maintenance of proper and fair accounting records and assist in the compliance with relevant rules and regulations.

The Company has developed and adopted various risk management guidelines and procedures with defined authority for implementation. Such guidelines and procedures cover, including but not limited to, policy on securities trading, safety control system for operations and fire, methods of prevention from occupational disease, guidelines on the use of office seal, policy on confidential control (as updated and amended from time to time), policy on employees' external training, guidelines regarding information management and transition. The Board conducts such review at least once every year.

In respect of the year ended 31 March 2022, the Board, through the Audit Committee, reviewed the overall effectiveness of the Group's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget.

Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence and anonymity, concerns about improprieties (such as criminal offences or financial impropriety) or other matters of the Company.

The Board believes that there are no material internal controls deficiencies that may affect the Shareholders and an effective system is in place to adequately safeguard the assets of the Group. The Group will continue to enhance the system to cope with the changes in the business environment.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

For the purposes of handling and disseminating inside information, the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to all Directors and the relevant employees regularly, disseminating information to specified persons on a need-to-know basis and regarding closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

The Company has a policy of open communication which allows strong access to both internally and externally generated information. Pertinent information is identified, captured and communicated in a timely manner. The policy has been reviewed by the Board in December 2021.

The Company provides each employee with an employee manual, which states how employees can communicate with the Company in case any problem arises. The Company considers this as a mechanism to help encourage communications between the Company and employees. Moreover, regular meetings are held to provide an avenue for mutual understanding between the Company and employees. The Company has also made arrangements for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control and other matters.

The Company attaches great importance to fair disclosure as it is considered a key means by which to enhance corporate governance standards and provide necessary information to shareholders and other stakeholders, to enable them to form their own judgments, as well as providing feedback to the Company. The Company also understands that the integrity of the information provided is essential in building market confidence.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is well aware of its obligations under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that information which is considered as inside information should be announced promptly when it is the subject of a decision;

- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information";

- informs all Directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the Securities and Futures Commission and the Stock Exchange;

- has developed procedures and mechanisms for the disclosure of inside information and established the working team to evaluate whether disclosure of the inside information is required; and

- has established and implemented procedures for responding to external enquiries about the Company's affairs. Only Directors and delegated management of the Company can act as the Company's spokespersons and respond to enquiries on designated areas.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors (the "**Model Code**"). All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2022.

EXTERNAL AUDITOR

The Auditors is Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu provided services in respect of the audit of Company's consolidated financial statements which were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the year ended 31 March 2022.

For the year ended 31 March 2022, apart from the provision of annual audit services, the Company's external auditors, Deloitte Touche Tohmatsu, were also the reporting accountants of the Company in relation to the Listing. The remuneration charged by the Company's auditors, Deloitte Touche Tohmatsu, during the year ended 31 March 2022 is set out below:

Description of Services Performed

	HK$'000
(1) Audit services	1,800
(2) Non-audit services *(Note)*	460
	2,260

Note:

The statement of the Auditors regarding their reporting responsibilities for the financial statements is set out in the Independent Auditor's Report on pages 48 to 52 of this Annual Report.

DIRECTORS' RESPONSIBILITIES IN PREPARING FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable accounting standards.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The company secretary is responsible for ensuring that Board's procedures are followed and facilitating communications among Directors as well as with shareholders and management. The Company Secretary is Mr. Yu Man To, Gerald. The Company Secretary has duly complied with the relevant training requirement under Rule 5.15 of the GEM Listing Rules.

CONSTITUTIONAL DOCUMENTS

There were no changes to the memorandum of association of the Company and Articles of Association during the year ended 31 March 2022.

A copy of the memorandum and Articles of Association of the Company is posted on the websites of the Company and the Stock Exchange.

COMMUNICATION WITH SHAREHOLDERS

The Directors are aware of the importance of maintaining good relations and communications with the Shareholders. The Board established a Shareholders Communication Policy setting out the principles of the Company in relation to Shareholders' communications, with the objective of ensuring that its communication with the Shareholders are timely and accurate.

The Company uses a range of communication tools, such as annual general meetings, annual reports, various notices, announcements and circulars, to ensure the Shareholders are kept well informed of the Group's key business imperatives.

The Company has maintained a website at www.tastegourmet.com.hk which serves as a forum for corporate communications with the Shareholders and the general public. All corporate communications required under the GEM Listing Rules are displayed and archived since the Listing Date on the Company's website and there are established procedures to ensure timely update in compliance with the GEM Listing Rules.

At the AGM, separate resolutions will be proposed by the Chairman in respect of each issue itemized on the agenda, including the re-election of the Directors. The Chairman, the chairman of each of the Remuneration Committee, the Audit Committee and the Nomination Committee and members of senior management, together with representative(s) from the Auditors will attend the AGM to answer questions from the Shareholders.

The notice of the AGM will be distributed to all Shareholders at least 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the GEM Listing Rules.

Details of individual attendance at general meeting of the Company of each of the Directors during the year ended 31 March 2022 are set out as follows:

	Attendance/ Number of Meetings
Executive Directors:	
Mr. Wong Ngai Shan *(Chairman)*	1/1
Ms. Chan Wai Chun *(Chief Executive Officer)*	1/1
Independent Non-Executive Directors:	
Ms. Chan Yuen Ting	1/1
Mr. Tsang Siu Chun	1/1
Mr. Wang Chin Mong	1/1

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting by Shareholders and Putting Forward Proposals

Under the Articles of Association, an extraordinary general meeting ("**EGM**") may be convened by the Board upon requisition by any one or more Shareholders holding not less than one-tenth of the paid up capital of the Company which carries the right of voting at any general meetings. The Shareholder(s) shall make a written requisition to the Board or the Company Secretary at the head office of the Company in Hong Kong, specifying the shareholding information of the Shareholder(s), his/her/their contact details and the proposal regarding any specifying transaction/business and its supporting documents.

If within 21 days of deposit of such written requisition, the Board does not proceed to convene such EGM, the requisitionist(s) himself/herself/themselves may convene an EGM in the same manner as that in which such meeting may be convened by the Board, provided that such meeting so convened shall not be held after the expiration of two months from the date of deposit of such requisition.

Making Enquiries to the Board

Shareholders may send written enquiries, either by post or by facsimiles, together with his/her/its contact details, such as postal address or fax, addressing to the head office of the Company at Unit B, 24/F Crawford Tower, 99-101 Jervois Street, Sheung Wan, Hong Kong or facsimile number (852) 2880 9068.

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF TASTE • GOURMET GROUP LIMITED
嚐 • 高美集團有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Taste • Gourmet Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 140, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and right-of-use assets related to loss-making restaurants	
We identified the impairment of property, plant and equipment and right-of-use assets as a key audit matter, as significant judgement is required to assess the amount of impairment of property, plant and equipment and right-of-use assets. As at 31 March 2022, property, plant and equipment of loss-making restaurants amounted to HK$11,257,000 and HK$6,988,000, net of accumulated impairment losses of HK$63,000 and HK$37,000 on leasehold improvements and furniture and equipment, respectively, while right-of-use assets of loss-making restaurants amounted to HK$62,835,000, net of accumulated impairment loss of HK$245,000. As further disclosed in notes 4, 15, 16 and 17 to the consolidated financial statements, determining whether property, plant and equipment and right-of-use assets are impaired requires an estimation of the value in use of the cash-generating units of each loss-making restaurant. The value in use calculation requires the Group to estimate the cash flow projections to arise from the cash-generating units by considering operating costs, budgeted sales, growth rates and gross margins which are based on past performance and management's expectations to future changes in the market and taking into account a suitable discount rate to calculate the present value. Based on the management's assessment, no impairment losses on leasehold improvements and furniture and equipment included in property, plant and equipment and right-of-use assets was charged to profit or loss during the year ended 31 March 2022.	Our procedures in related to management's impairment assessment included: • Understanding key controls and evaluating that the management reviews on the historical operation and financial performance of its restaurants to determine whether there is any indication of impairment, and the assumptions used in the value in use calculation for those restaurants with impairment indicator; • Checking the mathematical accuracy of the value in use calculation; • Challenging the reasonableness of the key assumptions adopted in the cash flow projections including operating costs, budgeted sales, growth rates and gross margins, by referring to the historical information and the management budget; • Assessing the key factors e.g. equity risk premium and size premium used in determining the discount rate and comparing to discount rate adopted in the industry for reasonableness; and • Evaluating the sensitivity analysis prepared by the management on the operating costs, budgeted sales, growth rates, gross margins and discount rate to assess the extent of impact on the value in use calculation.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Chan, Alan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	NOTES	2022 HK$'000	2021 HK$'000
Revenue	5	**568,056**	379,023
Other income	6	**11,859**	32,950
Other gains and losses	7	**(1,479)**	37
Impairment losses under expected credit loss model, net of reversal	8	**–**	60
Raw materials and consumables used		**(172,628)**	(115,390)
Staff costs		**(171,016)**	(108,724)
Depreciation of property, plant and equipment	15	**(26,584)**	(17,978)
Depreciation of right-of-use assets	16	**(87,019)**	(68,232)
Property rentals and related expenses		**(34,439)**	(23,005)
Utilities and cleaning expenses		**(18,679)**	(12,180)
Other expenses		**(31,270)**	(23,678)
Listing expense		**–**	(11,291)
Finance costs	9	**(9,462)**	(6,834)
Profit before tax	10	**27,339**	24,758
Income tax expense	11	**(5,251)**	(526)
Profit for the year		**22,088**	24,232
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operation		**658**	887
Total comprehensive income for the year		**22,746**	25,119
Profit (loss) for the year attributable to:			
– Owners of the Company		**26,381**	24,967
– Non-controlling interest		**(4,293)**	(735)
		22,088	24,232
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		**26,776**	25,499
– Non-controlling interest		**(4,030)**	(380)
		22,746	25,119
		HK cents	HK cents
Earnings per share	14		
– Basic		**6.8**	6.5
– Diluted	14	**6.8**	6.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	NOTES	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**82,077**	58,186
Right-of-use assets	16	**295,000**	241,215
Interest in a joint venture	18	**–**	–
Interest in an associate	19	**–**	–
Goodwill	20	**3,051**	3,051
Intangible assets	21	**992**	1,312
Financial asset at fair value through profit or loss	22	**1,728**	1,673
Rental and utilities deposits	23	**38,600**	29,568
Prepayments and other deposits	23	**1,014**	2,744
Loan to an associate	30	**–**	–
Amount due from a joint venture	30	**–**	–
Deferred tax assets	31	**1,041**	1,182
		423,503	338,931
CURRENT ASSETS			
Inventories	24	**1,157**	924
Trade and other receivables, prepayments and deposits	23	**15,525**	20,143
Amounts due from directors	30	**994**	144
Amount due from a shareholder	30	**78**	60
Amount due from an associate	30	**79**	79
Tax recoverable		**172**	4,627
Bank balances and cash	25	**64,505**	81,296
		82,510	107,273
CURRENT LIABILITIES			
Trade and other payables	26	**29,250**	32,264
Contract liabilities	27	**1,092**	1,923
Bank borrowing	28	**–**	764
Lease labilities	29	**83,334**	68,299
Tax payable		**5,769**	196
Provision for reinstatement costs	32	**679**	1,350
		120,124	104,796
NET CURRENT (LIABILITIES) ASSETS		**(37,614)**	2,477
TOTAL ASSETS LESS CURRENT LIABILITIES		**385,889**	341,408

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	NOTES	2022 HK$'000	2021 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	29	**221,520**	175,416
Provision for reinstatement costs	32	**8,430**	6,170
Provision for long service payments	33	**349**	398
Deferred tax liabilities	31	**411**	1,301
Deferred income		**239**	–
		230,949	183,285
NET ASSETS		**154,940**	158,123
CAPITAL AND RESERVES			
Share capital	34	**38,693**	38,693
Share premium and reserves		**108,941**	112,986
Equity attributable to owners of the Company		**147,634**	151,679
Non-controlling interest		**7,306**	6,444
TOTAL EQUITY		**154,940**	158,123

The consolidated financial statements on pages 53 to 140 were approved and authorised for issue by the Board of Directors on 23 June 2022 and are signed on its behalf by:

WONG NGAI SHAN
DIRECTOR

CHAN WAI CHUN
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note i)	Other reserve HK$'000 (Note ii)	Share options reserve HK$'000	Capital redemption reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 1 April 2020	37,973	5,340	(300)	313	528	2,027	–	76,464	122,345	–	122,345
Profit (loss) for the year	–	–	–	–	–	–	–	24,967	24,967	(735)	24,232
Other comprehensive income for the year	–	–	–	–	–	–	532	–	532	355	887
Total comprehensive income (expense) for the year	–	–	–	–	–	–	532	24,967	25,499	(380)	25,119
Issuance of shares (note 34)	720	8,606	–	–	–	–	–	–	9,326	–	9,326
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	–	–	6,824	6,824
Recognition of equity settled share-based payment (note 41)	–	–	–	–	205	–	–	–	205	–	205
Lapse of share options (note 41)	–	–	–	–	(38)	–	–	38	–	–	–
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	(5,696)	(5,696)	–	(5,696)
At 31 March 2021	38,693	13,946	(300)	313	695	2,027	532	95,773	151,679	6,444	158,123
Profit (loss) for the year	–	–	–	–	–	–	–	26,381	26,381	(4,293)	22,088
Other comprehensive income for the year	–	–	–	–	–	–	395	–	395	263	658
Total comprehensive income (expense) for the year	–	–	–	–	–	–	395	26,381	26,776	(4,030)	22,746
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	–	–	4,892	4,892
Recognition of equity settled share-based payment (note 41)	–	–	–	–	133	–	–	–	133	–	133
Lapse of share options (note 41)	–	–	–	–	(87)	–	–	87	–	–	–
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	(30,954)	(30,954)	–	(30,954)
At 31 March 2022	38,693	13,946	(300)	313	741	2,027	927	91,287	147,634	7,306	154,940

Notes:

i. The special reserve represents the differences between the nominal amount of the share capital issued by the Company pursuant to the group reorganisation and the issued share capital of BWHK Limited when the Company became the holding company of the Group upon completion of the group reorganisation on 23 June 2017.

ii. Other reserve represents the aggregate amount of:

1) the differences between the considerations received and the proportionate share of the carrying amount of the net assets attributable to the relevant interest upon the deemed disposal of partial interest in subsidiaries amounted to HK$58,000 during the year ended 31 March 2016; and

2) the difference between the consideration paid and the proportionate share of the carrying amount of the net assets attributable to the relevant interests upon the deemed acquisition of additional interest in a subsidiary amounted to HK$255,000 during the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**27,339**	24,758
Adjustments for:		
Amortisation of intangible assets	**226**	226
Depreciation of property, plant and equipment	**26,584**	17,978
Depreciation of right-of-use assets	**87,019**	68,232
Gain on fair value change of financial asset at fair value through profit or loss	**(55)**	(53)
Finance costs	**9,462**	6,834
Gain on early termination of leases	**(21)**	–
Loss on disposal of property, plant and equipment	**1,149**	16
Impairment loss on intangible assets	**94**	–
Reversal of impairment loss on amount due from a joint venture	**–**	(60)
Interest income from bank deposits	**(18)**	(19)
Interest income on rental deposits	**(739)**	(590)
Share-based payment expenses	**133**	205
Write-off on deposit for acquisition of an intangible asset	**345**	–
Operating cash flows before movements in working capital	**151,518**	117,527
Increase in inventories	**(233)**	(408)
Increase in trade and other receivables, prepayments and deposits and rental and utilities deposits	**(3,412)**	(5,766)
(Decrease) increase in trade and other payables	**(3,969)**	14,480
Decrease in provision for reinstatement costs	**(640)**	(20)
(Decrease) increase in provision for long service payments	**(49)**	107
(Decrease) increase in contract liabilities	**(831)**	1,923
Cash generated from operations	**142,384**	127,843
Income tax refunded (paid)	**4,028**	(5,172)
NET CASH FROM OPERATING ACTIVITIES	**146,412**	122,671

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	2022 HK$'000	2021 HK$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(49,184)**	(28,541)
Payments for right-of-use assets	**(3,082)**	(2,544)
Payments for rental deposits	**(5,024)**	(7,507)
Refund of rental deposits	**1,926**	150
Receipt of government grant	**239**	–
Advance to directors	**(850)**	–
Advance to an associate	**–**	(83)
Repayment from an associate	**–**	58
Repayment from a joint venture	**–**	60
Proceeds from disposal of property, plant and equipment	**98**	291
Deposits for acquisition of intangible assets	**–**	(1,345)
Deposits paid for acquisition of property, plant and equipment	**(14)**	(1,399)
Deposit refunded (paid) to an investment agent	**800**	(5,000)
Interest received	**18**	19
Advance to a shareholder	**(18)**	(16)
NET CASH USED IN INVESTING ACTIVITIES	**(55,091)**	(45,857)
FINANCING ACTIVITIES		
Repayment of bank borrowing	**(764)**	(1,284)
Interest paid on bank borrowing	**(6)**	(38)
Interest paid on lease liabilities	**(9,456)**	(6,796)
Repayments for lease liabilities	**(72,087)**	(62,991)
Issuance of shares	**–**	9,326
Contribution from a non-controlling shareholder	**4,892**	6,824
Dividends paid	**(30,954)**	(5,696)
NET CASH USED IN FINANCING ACTIVITIES	**(108,375)**	(60,655)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(17,054)**	16,159
CASH AND CASH EQUIVALENTS AT 1 APRIL	**81,296**	64,202
Effect of foreign exchange rate changes	**263**	935
CASH AND CASH EQUIVALENTS AT 31 MARCH, represented by bank balances and cash	**64,505**	81,296

1. GENERAL INFORMATION

Taste • Gourmet Group Limited (the "Company") (hereinafter its subsidiaries together with the Company collectively referred to as the "Group") was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and the shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 January 2018. Its parent is IKEAB Limited ("IKEAB"), a private company incorporated in the British Virgin Islands ("BVI"). The address of its registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is located at Unit B, 24/F Crawford Tower, 99 – 101 Jervois Street, Sheung Wan, Hong Kong. Its ultimate controlling parties are Mr. Wong Ngai Shan ("Mr. Wong") and Ms. Chan Wai Chun ("Ms. Chan"), who are also the executive directors of the Company.

The Company is an investment holding company and principally engaged in operating restaurants in Hong Kong and the People's Republic of China (the "PRC"), with details set out in note 40.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousands (HK$'000) except when otherwise indicated.

In the last quarter of the current financial year, the outbreak of the fifth wave of COVID-19 epidemic and the subsequent quarantine and distancing measures imposed by the Government of Hong Kong Special Administrative Region (the "Government") have had a negative impact on the operations of the Group. Although the financial performance of the restaurants might not be fully returned to the level before the COVID-19 in the upcoming financial year, the operating performance of the restaurants in May and June 2022 is gradually improving.

2. APPLICATION OF NEW AND 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 following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

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

New and Amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after a date to be determined

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 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 ("Listing Rules") and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$37,614,000 as at 31 March 2022. In the opinion of the directors of the Company, the Group will have sufficient funds available from its future operating cash flows. Taking into account of the unutilised available banking facilities, amounting to HK$30,500,000 as at 31 March 2022, the directors of the Company are confident that the Group will be able to meet its financial obligations when they fall due for at least the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with 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*.

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

3.1 Basis of preparation of consolidated financial statements *(Continued)*

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.

3.2 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 expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Basis of consolidation *(Continued)*

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

Business combinations

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.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

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 at the acquisition date (see the accounting policy below);

- 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; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) 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.

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

3.2 Significant accounting policies *(Continued)*

Business combinations *(Continued)*

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

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

3.2 Significant accounting policies *(Continued)*

Investments in an associate and a joint venture

An associate is an entity over which the Group has significant influence. 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 and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate and a joint venture 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, an investment 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 the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a 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 investment 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 and 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.

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

3.2 Significant accounting policies *(Continued)*

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

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 investment (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 investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have joint control over an associate or 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 *Financial Instruments*, 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 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 Group's 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 CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

A contract 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.

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

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Variable consideration

For contracts that contain variable consideration (including discounts and coupons), the Group estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

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 of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 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.

The Group as a 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.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices and are accounted for by other applicable standards.

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

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Short-term leases
The Company applies the short-term lease recognition exemption to leases of car park spaces and restaurants that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

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 as a separate line item on the consolidated statement of financial position.

Refundable rental deposits
Refundable rental deposits paid are accounted under HKFRS 9 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 CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

***Leases** (Continued)*

The Group as a 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.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

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

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)
Lease liabilities *(Continued)*
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, 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.

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 and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use assets. 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.

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

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease modifications *(Continued)*

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

If lease modifications are made in addition to those lease modifications required by interest rate benchmark reform, the Group applies the applicable requirements in HKFRS 16 (see the accounting policy above) to account for all lease modifications made at the same time, including those required by interest rate benchmark reform.

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 2022; 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 CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

Borrowing costs

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

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

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 are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. 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 income".

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

3.2 Significant accounting policies *(Continued)*

Employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit schemes, which are defined contribution retirement benefit plans, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and long-term employee benefits

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

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

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

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share 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.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to retained profits. 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 options reserve will be transferred to retained profits.

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

3.2 Significant accounting policies *(Continued)*

Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base 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 (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised it the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in a joint venture and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments 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.

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Taxation *(Continued)*

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 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

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 other than construction in progress are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Leasehold improvement in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

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

3.2 Significant accounting policies *(Continued)*

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and 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 reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

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

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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.

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

3.2 Significant accounting policies *(Continued)*

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

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.

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 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 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 a 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 a cash-generating unit or a 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. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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

3.2 Significant accounting policies *(Continued)*

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of 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 obligations, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than those 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. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

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

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

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.

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.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("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. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

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

(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 includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, rental and utilities deposits, other deposits, amounts due from a joint venture, an associate, directors and a shareholder, loan to an associate and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

For all other financial 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.

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

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

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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 CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 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 a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

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

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

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

(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 debtors, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

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

3.2 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 and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

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

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.

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.

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments 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 instrument

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and bank borrowing 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 and 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The 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 within the coming financial year.

Estimated impairment of property, plant and equipment and right-of-use assets related to loss-making restaurants

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement 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 rates. 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 generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rates in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's restaurant operations.

As at 31 March 2022, the carrying amounts of the leasehold improvements, furniture and equipment and right-of-use assets related to those loss-making restaurants are HK$11,257,000, HK$6,988,000 and HK$62,835,000 (2021: HK$7,015,000, HK$4,330,000 and HK$58,430,000), respectively, after taking into account the accumulated impairment losses of HK$63,000, HK$37,000 and HK$245,000 (2021: HK$83,000, HK$57,000 and HK$310,000) in respect of leasehold improvements, furniture and equipment and right-of-use assets that have been recognised respectively. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in note 17.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimation of useful lives of property, plant and equipment

The Group's management determines the estimated useful lives in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions and will take into account the lease terms including renewal options in the lease contracts of the Group's restaurants. The management will accelerate the depreciation charge where the economic useful lives are shorter than previously estimated due to removal or closure of restaurants. Actual economic useful lives may differ from estimated economic useful lives. As at 31 March 2022, the carrying amount of property, plant and equipment is HK$82,077,000 (2021: HK$58,186,000).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or changes in facts and circumstances which result in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions of the Group's restaurant operations.

As at 31 March 2022, the carrying amount of goodwill is HK$3,051,000 (2021: HK$3,051,000). Details of the recoverable amount calculation are disclosed in note 20.

Fair value measurement of financial instruments

Financial asset at FVTPL, amounting to HK$1,728,000 as at 31 March 2022 (2021: HK$1,673,000), is measured at fair value determined based on adjusted cash value provided by counterparty which represents the premium paid to the policies adjusted by net yield with reference to the expected return rate. Judgement and estimation are required in establishing the relevant valuation technique and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustment to the fair value of these instruments. See notes 22 and 37(b) for further disclosures.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received and receivable from restaurant operations, net of discounts, during the years ended 31 March 2022 and 2021.

The principal activities of the Group are operating restaurants serving different kinds of cuisine in Hong Kong and the PRC during the years ended 31 March 2022 and 2021.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Disaggregation of revenue from contracts with customers

	2022 HK$'000	2021 HK$'000
Type of cuisines		
Vietnamese	**41,208**	38,785
Japanese	**296,621**	187,524
Western	**78,196**	73,084
Chinese	**148,488**	70,124
Dessert	**1,142**	7,301
Kiosk	**1,241**	2,205
Others	**1,160**	–
	568,056	379,023

Performance obligations for contracts with customers

The performance obligation is the promise to provide catering services. Revenue from catering services is recognised at a point in time when the services are rendered. A receivable is recognised by the Group when the services are rendered to the customers at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment of the transaction price is due immediately at the point the services are rendered to the customers. For payments settled by credit cards by customers, the settlement period is normally within 2 days from the trade date, and for sales of food and beverages through food delivery agents, the Group allows a credit period of 7 to 30 days.

With the provision these services are at a period of one year or less, as permitted under HKFRS 15, the transaction price allocation to the unsatisfied contracts is not disclosed.

Segment revenue and results

Information reported to Mr. Wong and Ms. Chan, (collectively as the "Controlling Shareholders"), being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment, focuses on types of goods or services delivered or provided. The CODM has determined that the Group has two reportable segments for the restaurants serving different kinds of cuisine in Hong Kong and the PRC, each of which is considered a separate operating segment by the CODM.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

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

For the year ended 31 March 2022

	Hong Kong HK$'000	The PRC HK$'000	Consolidated HK$'000
Revenue from external sales	**536,316**	**31,740**	**568,056**
Segment profit (loss)	**53,328**	**(10,749)**	**42,579**
Unallocated other gains and losses			**55**
Unallocated expenses			**(15,295)**
Profit before tax			**27,339**

For the year ended 31 March 2021

	Hong Kong HK$'000	The PRC HK$'000	Consolidated HK$'000
Revenue from external sales	375,259	3,764	379,023
Segment profit (loss)	50,150	(1,424)	48,726
Unallocated other gains and losses			53
Unallocated expenses			(12,790)
Impairment loss reversed under ECL model			60
Listing expense			(11,291)
Profit before tax			24,758

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned (loss incurred) by the reportable segment excluding unallocated other gains and losses (i.e. fair value gain on financial asset at FVTPL), impairment loss reversed under ECL model, listing expense and without allocation of central administration costs. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

The Group's customer base is diversified and no individual customer had contributed more than 10% of the Group's revenue during the years ended 31 March 2022 and 2021.

Other segment information

For the year ended 31 March 2022

	Hong Kong HK$'000	The PRC HK$'000	Consolidated HK$'000
Depreciation of property, plant and equipment	**21,081**	**5,503**	**26,584**
Depreciation of right-of-use assets	**79,927**	**7,092**	**87,019**
Loss on disposal of property, plant and equipment	**1,149**	**–**	**1,149**
Gain (loss) on early termination of lease	**148**	**(127)**	**21**
Impairment loss on an intangible asset	**94**	**–**	**94**

For the year ended 31 March 2021

	Hong Kong HK$'000	The PRC HK$'000	Consolidated HK$'000
Depreciation of property, plant and equipment	17,709	269	17,978
Depreciation of right-of-use assets	67,114	1,118	68,232
Loss on disposal of property, plant and equipment	16	–	16

Geographical information

Information about the Group's revenue is presented based on the location of the customers. Information about the Group's non-current assets other than rental and utilities deposits, prepayments and other deposits, loan to an associate, amount due from a joint venture, financial asset at FVTPL, goodwill, intangible assets and deferred tax assets is presented based on the geographical location of the assets.

	Revenue		Non-current assets	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Geographical markets				
Hong Kong	**536,316**	375,259	**342,259**	275,119
The PRC	**31,740**	3,764	**34,818**	24,282
	568,056	379,023	**377,077**	299,401

6. OTHER INCOME

	2022 HK$'000	2021 HK$'000
Interest income on:		
– bank deposits	**18**	19
– rental deposits	**739**	590
Management fee income from an associate	**120**	50
Government subsidies (Note)	**10,150**	31,968
Others	**832**	323
	11,859	32,950

Note: During the current year, the Group recognised government grants of HK$10,150,000 (2021: HK$31,968,000) in respect of COVID-19-related subsidies:

- included in the amount for the year ended 31 March 2021 of HK$21,218,000 was related to Employment Support Scheme provided by the Hong Kong government; and
- the Food and Environmental Hygiene Department is operating the Food Licence Holders Subsidy Scheme (the "Scheme") under the Anti-epidemic Fund and the Scheme is open to applications from eligible food licence holders for a grant of one-off subsidy. A one-off subsidy will be provided to eligible licence holders of the premises in operation including general restaurants, marine restaurants, factory canteens, light refreshment restaurants, fresh provision shops, food factories, bakeries and siu mei and lo mei shops. The Group has received government subsidies of HK$10,150,000 (2021: HK$10,750,000) given that the conditions attached to the Scheme are compiled at the date of receipt and recognised as other income.

7. OTHER GAINS AND LOSSES

	2022 HK$'000	2021 HK$'000
Exchange gain	**33**	–
Gain from change in fair value of financial asset designated at FVTPL	**55**	53
Gain on early termination of leases	**21**	–
Loss on disposal of property, plant and equipment	**(1,149)**	(16)
Impairment loss on an intangible asset (note 21)	**(94)**	–
Write-off on deposit for acquisition of an intangible asset	**(345)**	–
	(1,479)	37

8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2022 HK$'000	2021 HK$'000
Impairment losses reversed on:		
– amount due from a joint venture	–	60

Details of impairment assessment are set out in note 37.

9. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interests on:		
– bank borrowing	6	38
– lease liabilities	9,456	6,796
	9,462	6,834

10. PROFIT BEFORE TAX

	2022 **HK$'000**	2021 HK$'000
Profit before tax has been arrived at after charging:		
Auditor's remuneration	**1,800**	1,680
Amortisation of intangible assets	**226**	226
COVID-19-related rent concessions (note 16)	**3,740**	6,504
Staff costs:		
Directors' remuneration (Note a)	**4,476**	3,722
Other staff costs		
– salaries and other benefits	**151,601**	98,311
– performance-based bonus (Note b)	**9,111**	3,570
– retirement benefits scheme contribution excluding directors	**7,255**	4,476
– share-based payment expenses	**133**	205
Total directors and other staff costs	**172,576**	110,284

Notes:

(a) Directors' remuneration includes other non-monetary benefits (such as accommodation) provided to the directors of the Company. During the year ended 31 March 2022, depreciation of right-of-use assets in relation to these non-monetary benefits amounted to HK$1,560,000 (2021: HK$1,560,000).

(b) Performance-based bonus of the restaurants and administrative employees were determined based on the revenue generated by the respective restaurants for restaurants staff and financial performance of the Group for administrative employees, respectively.

11. INCOME TAX EXPENSE

	2022 **HK$'000**	2021 HK$'000
The charge comprises Hong Kong Profits Tax		
– Current tax	**6,000**	715
– Overprovision in prior year	**–**	(53)
Deferred tax credit (note 31)	**(749)**	(136)
	5,251	526

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, 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 the remaining subsidiaries of the Group in Hong Kong, they are subject to 16.5% of the estimated assessable profits under Hong Kong Profits Tax.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for current year.

11. INCOME TAX EXPENSE *(Continued)*

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

	2022 **HK$'000**	2021 HK$'000
Profit before tax	**27,339**	24,758
Tax at Hong Kong Profits Tax rate of 16.5%	**4,511**	4,085
Tax effect of expenses not deductible for tax purpose	**28**	1,927
Tax effect of income not taxable for tax purpose	**(1,698)**	(5,454)
Utilisation of other temporary difference previously not recognised	**(63)**	(14)
Utilisation of tax losses previously not recognised	**(95)**	(124)
Tax effect of tax losses not recognised	**2,942**	384
One-off tax reduction of Hong Kong Profits Tax by Inland Revenue Department (Note)	**(100)**	(60)
Income tax at concessionary rate	**(165)**	(165)
Overprovision in prior year	**–**	(53)
Others	**(109)**	–
Taxation for the year	**5,251**	526

Note: The Hong Kong Profits Tax for the year ended 31 March 2022 are waived subject to a ceiling of HK$10,000 per entity (2021: HK$10,000).

12. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

Particulars of the emoluments of directors, the chief executive and the five highest paid employees are as follows:

(a) Directors' and Chief Executive's emoluments

Details of the emoluments paid or payable to the directors of the Company and the chief executive of the Company during the years ended 31 March 2022 and 2021 are as follows:

	Executive directors		Independent non-executive directors			
	Mr. Wong HK$'000	Ms. Chan HK$'000 (Note a)	Mr. Tsang Siu Chun HK$'000	Mr. Wang Chin Mong HK$'000	Ms. Chan Yuen Ting HK$'000	Total HK$'000
Year ended 31 March 2022						
Directors						
Fees	–	–	80	80	80	240
Other emoluments						
– Salaries and other benefits (Note b)	2,400	1,800	–	–	–	4,200
– Retirement benefits scheme contribution	18	18	–	–	–	36
	2,418	1,818	80	80	80	4,476

	Executive directors		Independent non-executive directors			
	Mr. Wong HK$'000	Ms. Chan HK$'000 (Note a)	Mr. Tsang Siu Chun HK$'000	Mr. Wang Chin Mong HK$'000	Ms. Chan Yuen Ting HK$'000	Total HK$'000
Year ended 31 March 2021						
Directors						
Fees	–	–	100	100	100	300
Other emoluments						
– Salaries and other benefits (Note b)	1,901	1,485	–	–	–	3,386
– Retirement benefits scheme contribution	18	18	–	–	–	36
	1,919	1,503	100	100	100	3,722

12. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(a) Directors' and Chief Executive's emoluments *(Continued)*

Notes:

(a) Ms. Chan serves as the chief executive of the Company for the years ended 31 March 2022 and 2021.

(b) Directors' remuneration for the year ended 31 March 2022 includes depreciation of right-of-use assets for director's quarter amounted to HK$1,560,000 (2021: HK$1,560,000).

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

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

(b) Five highest paid employees

The five highest paid employees of the Group during the year included two (2021: two) directors whose details of emoluments are set out in (a) above. The remunerations of the remaining three (2021: three) employees were as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries and allowances	**1,771**	2,091
Performance-based bonus*	**350**	5
Retirement benefits scheme contribution	**52**	54
Share-based payment expenses	**6**	45
	2,179	2,195

* Performance-based bonus of the restaurants and administrative employees were determined based on the revenue generated by the respective restaurants for restaurants staff and financial performance of the Group for administrative employees, respectively.

12. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(b) Five highest paid employees *(Continued)*

The number of the highest paid employees, who are neither a director nor chief executive of the Company, whose emoluments fell within the following band is as follows:

	No. of employees	
	2022	2021
Nil to HK$1,000,000	**3**	3

No emolument was paid by the Group to the directors of the Company or any of the highest paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2022 and 2021. The executive directors and independent non-executive directors of the Company have waived or agreed to waive remuneration of HK$1,059,000 and HK$60,000 during the year ended 31 March 2022 (2021: HK$1,128,000 and nil).

During the years ended 31 March 2022 and 2021, certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 41.

13. DIVIDENDS

	2022	2021
	HK$'000	HK$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2022 Interim – HK4 cents (2021: 2021 Interim – nil) per share	**15,477**	–
2021 Final – HK4 cents (2020: 2020 Final – HK1.5 cents) per share	**15,477**	5,696
	30,954	5,696

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2022 of HK1.6 cents per ordinary share, in an aggregate amount of HK$6,191,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

14. EARNINGS PER SHARE

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

	2022 HK$'000	2021 HK$'000
Earnings		
Profit for the year attributable to owners of the Company	**26,381**	24,967

	Number of shares '000	 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	386,932	382,513
Effect of dilute potential ordinary shares:		
Share options	549	1,110
Weighted average number of ordinary shares for the purpose of diluted earnings per share	387,481	383,623

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST					
At 1 April 2020	61,312	26,367	1,292	2,881	91,852
Exchange adjustments	14	2	–	6	22
Additions	16,472	10,037	–	2,502	29,011
Disposals	(477)	(342)	–	–	(819)
Transfer	2,881	–	–	(2,881)	–
At 31 March 2021	80,202	36,064	1,292	2,508	120,066
Exchange adjustments	156	16	–	–	172
Additions	31,943	19,641	–	–	51,584
Disposals	(8,560)	(2,706)	–	–	(11,266)
Transfer	2,508	–	–	(2,508)	–
At 31 March 2022	106,249	53,015	1,292	–	160,556
DEPRECIATION AND IMPAIRMENT					
At 1 April 2020	33,985	9,839	591	–	44,415
Exchange adjustments	(1)	–	–	–	(1)
Charge for the year	12,051	5,668	259	–	17,978
Eliminated upon disposals	(477)	(35)	–	–	(512)
At 31 March 2021	45,558	15,472	850	–	61,880
Exchange adjustments	28	6	–	–	34
Charge for the year	17,764	8,591	229	–	26,584
Eliminated upon disposals	(7,881)	(2,138)	–	–	(10,019)
At 31 March 2022	55,469	21,931	1,079	–	78,479
CARRYING VALUES					
At 31 March 2022	50,780	31,084	213	–	82,077
At 31 March 2021	34,644	20,592	442	2,508	58,186

The above items of property, plant and equipment, other than construction in progress, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	20% or over the lease terms, where appropriate
Furniture and equipment	20%
Motor vehicles	20%

16. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
At 31 March 2022	
Carrying amount	295,000
At 31 March 2021	
Carrying amount	241,215
For the year ended 31 March 2022	
Depreciation charge	90,759
COVID-19-related rent concessions	(3,740)
	87,019
Exchange realignment	977
For the year ended 31 March 2021	
Depreciation charge	74,736
COVID-19-related rent concessions	(6,504)
	68,232
Exchange realignment	374

The above item of right-of-use assets is depreciated on a straight-line basis at the following rates per annum:

Leased properties	Over the lease terms

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

	Year ended 31.3.2022 HK$'000	Year ended 31.3.2021 HK$'000
Expense relating to short-term leases	**2,378**	766
Variable lease payments not included in the measurement of lease liabilities	**6,369**	3,139
Total cash outflow for leases (Note)	**93,372**	76,236
Additions to right-of-use assets	**155,642**	140,871

Note: Total cash outflow for leases includes expense related to short-term leases, variable lease payments not included in the measurement of lease liabilities, payments for right-of-use assets and payments of principal and interest portion of lease liabilities.

For both years, the Group leases various offices and restaurant premises for its operations. Leases contracts are entered into for fixed for the term of one to six years (2021: one to six years). The operating lease rentals for certain restaurants are determined at the higher of a fixed rental or a pre-determined percentage on revenue of respective restaurants pursuant to the terms and conditions that are set out in the respective rental agreement. As the future revenue of these restaurants could not be reliably determined, the relevant contingent rents have not been included in the measurement of right-of-use assets and only the minimum lease commitments have been included.

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

Leases of shops are either with only fixed lease payments or contain variable lease payments that are based on 11% to 15% (2021: 11% to 15%) of monthly sales and minimum monthly lease payments that are fixed over the lease terms, whichever is higher. Some variable payment terms include cap clauses. The payment terms are common in shops in Hong Kong and the PRC where the Group operates. The amounts of fixed and variable lease payments paid/payable to relevant lessors for the years ended 31 March 2022 and 2021:

	Number of shops	Fixed payments HK$'000	Variable payments HK$'000	Total payments HK$'000
For the year ended 31 March 2022				
Shops without variable lease payments	**2**	**3,212**	**–**	**3,212**
Shops with variable lease payments	**40**	**80,444**	**6,369**	**86,813**
	42	**83,656**	**6,369**	**90,025**
For the year ended 31 March 2021				
Shops without variable lease payments	2	3,771	–	3,771
Shops with variable lease payments	32	66,500	3,139	69,639
	34	70,271	3,139	73,410

The overall financial effect of using variable payment terms is that higher rental costs are incurred by shops with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of shop sales in future years.

The lease agreements entered into between the landlord and the Group include an extension option at the discretion of the respective group entities for further two to three years from the end of the leases without fixed rental. 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.

Including in the amount of right-of-use assets as at 31 March 2022, HK$2,784,000 (2021: HK$2,544,000) is related to the rental agreement entered into with the Controlling Shareholders.

The Group regularly entered into short-term leases for car park spaces and restaurants. As at 31 March 2022 and 2021, the portfolio of short-term leases is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above due to a short term lease of a restaurant entered in current year.

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

Extension options and termination options

The Group has extension and termination options in a number of leases for the 42 (2021: 34) shops. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors. The Group has considered to exercise all extension options and not to exercise the termination options for all of its leases.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 March 2022 and 2021, there is no such triggering event.

Restrictions or covenants on leases

In addition, lease liabilities of HK$304,854,000 are recognised with related right-of-use assets of HK$291,970,000 as at 31 March 2022 (2021: lease liabilities of HK$243,715,000 and related right-of-use assets of HK$238,671,000). 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.

Leases committed

As at 31 March 2022, the Group entered into new leases for several restaurants that have not yet commenced, with non-cancellable period of 4 years, excluding period under extension options, the total future undiscounted cash flows over the non-cancellable period amounted to HK$7,696,000 (2021: HK$25,085,000).

Details of the lease maturity analysis of lease liabilities are set out in notes 29 and 37.

Rent concessions

During the years ended 31 March 2022 and 2021, lessors of restaurants provided rent concessions to the Group through rent reductions ranging from 4% to 50% over one to three months (2021: 10% to 70% over one to three months).

The rent concession occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient under HKFRS 16.46A.

These rent concessions occurred as a direct consequence of COVID-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK$3,740,000 (2021: HK$6,504,000) were recognised as negative variable lease payments.

17. IMPAIRMENT ASSESSMENT ON PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS

During the years ended 31 March 2022 and 2021, certain restaurants of the Group have been experiencing recurring losses or performing below budget. The directors of the Company consider there are impairment indicators and hence conduct impairment assessment on the relevant restaurants, which constitute individual cash-generating units for the purpose of impairment assessment. The recoverable amounts of the relevant assets have been determined on the basis of value in use of the individual restaurant to which the relevant assets belong.

The value in use calculations use cash flow projections based on the latest financial budgets approved by the Group's management covering a period of the lease term at a range of pre-tax discount rates from 17.53% to 21.74% (2021: 14.04% to 24.14%). Cash flow projections during the budget period were based on the operating costs, budgeted sales, growth rates and gross margins during the budget period and the budgeted margins have been determined based on past performance and management's expectations for the future changes in the market.

For the year ended 31 March 2022, based on the result of the assessment, the directors of the Company determine that the recoverable amount of the cash-generating unit is higher than the carrying amount in current year. No impairment has been recognised in respect of the carrying amount of leasehold improvements, furniture and equipment, and right-of-use assets of loss-making restaurants of HK$11,257,000, HK$6,988,000 and HK$62,835,000, respectively.

For the year ended 31 March 2021, based on the result of the assessment, the directors of the Company determine that the recoverable amount of the cash-generating unit is higher than the carrying amount in current year. No impairment has been recognised in respect of the carrying amount of leasehold improvements, furniture and equipment, and right-of-use assets of loss-making restaurants of HK$7,098,000, HK$4,387,000 and HK$58,740,000, respectively.

As at 31 March 2022, accumulated impairment loss on leasehold improvements, furniture and equipment and right-of-use assets of the Group is HK$63,000 (2021: HK$83,000), HK$37,000 (2021: HK$57,000) and HK$245,000 (2021: HK$310,000), respectively.

18. INTEREST IN A JOINT VENTURE

Details of the Group's investment in a joint venture is as follows:

	2022 HK$'000	2021 HK$'000
Cost of investment in a joint venture	**1,203**	1,203
Deemed capital contribution	**192**	192
Share of post-acquisition loss and other comprehensive expenses	**(1,395)**	(1,395)
	–	–

Details of the Group's joint venture as at the end of reporting period are as follows:

Name of joint venture	Place of incorporation/ principal place of business	Proportion of ownership interest held by the Group As at 31 March 2022	Proportion of ownership interest held by the Group As at 31 March 2021	Proportion of voting rights held by the Group As at 31 March 2022	Proportion of voting rights held by the Group As at 31 March 2021	Principal activity
Long Sea Limited ("Long Sea")	Hong Kong	**50%**	50%	**50%**	50%	Inactive

Deemed capital contribution was arisen from fair value adjustment upon initial recognition advance to a joint venture in prior year.

The financial year end date for Long Sea is 31 December. For the purpose of applying the equity method of accounting, the financial statements of Long Sea for the year ended 31 December 2021 have been used as the Group considers that it is no material impact on the adjustment for Long Sea to prepare a separate set of financial statements as of 31 March 2022.

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

	2022 HK$'000	2021 HK$'000
The unrecognised share of loss of a joint venture	**–**	286

	2022 HK$'000	2021 HK$'000
Cumulative unrecognised share of loss of a joint venture	**1,855**	1,855

19. INTEREST IN AN ASSOCIATE

Details of the Group's investment in an associate is as follows:

	2022 HK$'000	2021 HK$'000
Cost of investment in an associate	**4**	4
Deemed capital contribution	**43**	43
Share of post-acquisition loss and other comprehensive expenses	**(47)**	(47)
	–	–

Details of the Group's associate as at the end of reporting period are as follows:

Name of associate	Place of incorporation/ principal place of business	Proportion of ownership interest held by the Group As at 31 March		Proportion of voting rights held by the Group As at 31 March		Principal activity
		2022	2021	**2022**	2021	
United Mind Limited ("UML")	Hong Kong	**40%**	40%	**40%**	40%	Restaurants operation

Deemed capital contribution was arisen from fair value adjustment upon initial recognition of loan advanced to an associate in prior year.

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

	2022 HK$'000	2021 HK$'000
The unrecognised share of profit (loss) of an associate	**91**	(5)

	2022 HK$'000	2021 HK$'000
Cumulative unrecognised share of loss of an associate	**317**	408

20. GOODWILL

	HK$'000
COST	
At 1 April 2020, 31 March 2021 and 31 March 2022	3,051

Goodwill is arising from the acquisition of a chain of restaurant operation business, namely Parkview, which operates restaurants in Hong Kong servicing western cuisine and has been allocated to a group of cash-generating units (the "CGUs").

The recoverable amount of the group of CGUs has been determined on a value in use calculation. The recoverable amount is based on certain key assumption. The value in use calculation uses cash flow projections based on latest financial budgets approved by the directors of the Company covering a period of 5 years, and at a pre-tax discount rate of 15.70% (2021: 16.54%). Cash flows beyond remaining lease terms of respective restaurants are extrapolated, using a steady growth rate of 2% (2021: 2%) per annum. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which included budgeted revenue and operating expenses, such estimation is based on the CGUs' past performance and managements' expectations for the market development. The directors of the Company believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of the group of CGUs to exceed its recoverable amount.

The goodwill was tested for impairment at the end of the reporting period by comparing the carrying amount of the CGU with its recoverable amount. The directors of the Company determined that there is no impairment loss for the years ended 31 March 2022 and 2021.

21. INTANGIBLE ASSETS

	License HK$'000 (Note a)	Franchise HK$'000 (Note b)	Trademark HK$'000 (Note c)	Total HK$'000
COST				
At 1 April 2020, 31 March 2021 and 31 March 2022	1,526	217	94	1,837
AMORTISATION AND IMPAIRMENT				
At 1 April 2020	287	12	–	299
Change for the year	190	36	–	226
At 31 March 2021	477	48	–	525
Change for the year	190	36	–	226
Impairment loss recognised in profit or loss	–	–	94	94
At 31 March 2022	667	84	94	845
CARRYING VALUES				
At 31 March 2022	859	133	–	992
At 31 March 2021	1,049	169	94	1,312

The above intangible assets other than trademark have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

License	8 years
Franchise	6 years

Notes:

(a) In July 2018, the Group entered into a licensing agreement with an independent third party to license the rights to the exclusive and unlimited usage for all countries outside of Japan of a Japanese ramen brand "多賀野" or "Takano" (the "License") for 8 years with a consideration of JPY22,000,000 (equivalent to HK$1,526,000) with license period starting from October 2018.

(b) In September 2020, the Group entered into a franchising agreement with an independent third party to have the rights to the exclusive and unlimited usage of brand "Tirpse" (the "Franchise") in Hong Kong and Macau for 6 years with a consideration of JPY3,000,000 (equivalent to approximately HK$217,000) with franchise period starting from December 2020. This franchising agreement shall be extended for a further 6 years in the event that no objection is made by either party six months prior to the end of the initial franchise period.

21. INTANGIBLE ASSETS *(Continued)*

Notes: *(Continued)*

(c) The trademark was acquired from an independent third party through acquisition of a business and has a legal life of 10 years but is renewable every 10 years at minimal cost. The directors of the Company are of the opinion that the Group would renew the trademark continuously and has the ability to do so.

The trademark is considered by the directors of the Company as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely, and will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

As at 31 March 2022 and 2021, the directors of the Company determine that there is no impairment loss on the license and franchise while the trademark has been fully impaired due to closure of the restaurant during the year ended 31 March 2022.

22. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 **HK$'000**	2021 HK$'000
Financial asset mandatorily measured at FVTPL:		
Life insurance plan (Note)	**1,728**	1,673

Note:

As at 31 March 2022 and 2021, the Group has a US$ denominated life insurance policy with an insurance company to insure Mr. Wong, a director of the Company. Under this policy, the Group is the beneficiary and policy holder and the total insured sum is US$1,080,000 (equivalent to HK$8,370,000). The Group is required to pay a single premium of US$173,000 (equivalent to HK$1,340,000) at inception. The Group can, at any time, withdraw cash based on the account value of the policy ("Account Value") at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge deducted from the Account Value. This insurance company will pay the Group a guaranteed interest rate of 4.4% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 3% per annum) during the effective period of the policy.

In the opinion of the directors of the Company, the amount is not expected to be withdrawn within twelve months from the end of the reporting period. Accordingly, the balance is classified as non-current.

23. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2022 HK$'000	2021 HK$'000
Trade receivables	**1,772**	2,828
Rental and related deposits	**35,261**	31,956
Utilities deposits	**4,472**	3,712
Prepaid rates and property management fee	**2,521**	3,022
Prepayments	**3,136**	1,811
Other receivables and other deposits (Note)	**6,112**	6,133
Other tax recoverable	**851**	249
Deposits for acquisition of intangible assets	**1,000**	1,345
Deposits for acquisitions of property, plant and equipment	**14**	1,399
	55,139	52,455
Less: items expected to be realised over one year shown under non-current assets:		
Rental and utilities deposits	**(38,600)**	(29,568)
Prepayments and other deposits under non-current assets		
– Deposits for acquisitions of property, plant and equipment	**(14)**	(1,399)
– Deposits for acquisitions of intangible assets	**(1,000)**	(1,345)
Total items shown under non-current assets	**(39,614)**	(32,312)
Shown under current assets	**15,525**	20,143

Note: In October 2021, the Group has engaged an independent advisory firm to seek for investment opportunities in overseas market and paid deposits of HK$5,000,000 which will be utilised as investment capital in coming future if any investment opportunity noted. During the year ended 31 March 2022, HK$800,000 has been refunded by the advisory firm. As the deposit is repayable on demand, the asset is classified as current asset as at 31 March 2022 and 2021.

As at 1 April 2020, trade receivables from contracts with customers amounted to HK$517,000.

The revenue from sales of food and beverages from customers are on cash or credit card settlement. The Group allows a credit period of 30 days to its trade receivables arising from sales of food and beverages through food delivery service agents.

As at 31 March 2022 and 2021, the Group's receivables include receivables from financial institutions in relation to the payments settled by credit cards by customers of which the settlement period is normally within 2 days from the trade date, and receivables from the food delivery agents or other payment channels of which the settlement period is within 30 days from the invoice date.

All trade receivables are aged within 30 days as at the end of each reporting date with no impairment loss being recognised. All trade receivables are not past due and settled subsequent to the end of each reporting period. None of the trade receivables are past due but not impaired as at 31 March 2022 and 2021.

Details of impairment assessment on trade and other receivables and deposits are set out in note 37.

24. INVENTORIES

	2022 HK$'000	2021 HK$'000
Food and beverages used in restaurant operations	**1,157**	924

25. BANK BALANCES AND CASH

Bank balances represents short term deposits within an original maturity of three months or less and carry interest at prevailing market rates ranging from nil to 0.02% per annum as at 31 March 2022 (2021: nil to 0.02% per annum).

26. TRADE AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables		
– aged within 30 days (based on invoice date)	**5,974**	12,072
Accrued employee benefit expense	**16,444**	12,768
Other payables for property, plant and equipment	**1,956**	955
Other payables for listing expense	**–**	1,441
Accruals	**4,876**	5,028
	29,250	32,264

The credit period granted by suppliers on purchase of goods is 0 to 30 days. No interest is charged by the trade creditors.

27. CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Prepayments received from customers for sales of coupons	**1,092**	1,923

At 1 January 2020, there is no contract liabilities.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

27. CONTRACT LIABILITIES *(Continued)*

	2022 **HK$'000**	2021 HK$'000
Revenue recognised that was included in the contact liabilities balance at the beginning of the year	**831**	–

During the years ended 31 March 2022 and 2021, the Group sold certain coupons to its customers and the balance represents the unutilised amounts received from its customers as at 31 March 2022 and 2021.

28. BANK BORROWING

	2022 **HK$'000**	2021 HK$'000
Bank loan, secured and guaranteed	**–**	764
Carrying amount repayable (according to scheduled repayment term as set out in the loan agreement):		
– Within one year	**–**	764
Carrying amount that contain a repayment on demand clause (shown under current liabilities)	**–**	764

The Group's bank borrowing carries variable-rate interest at Hong Kong Dollar Best Lending Rate ("BLR") less 2.5% per annum as at 31 March 2021.

The effective interest rate (which are also equal to contractual interest rates) on the Group's borrowing is as follows:

	2022	2021
Effective interest rate (per annum):		
Variable-rate borrowing	**–**	2.50%

The secured bank borrowing of HK$764,000 as at 31 March 2021, represent term loan borrowed by the Group for its operation. As at 31 March 2021, such term loan was secured by (1) the life insurance policy for Mr. Wong held by the Group as mentioned in note 22; (2) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Company; and (3) corporate guarantee of the Company. The bank borrowing has been fully repaid during the year ended 31 March 2022.

As at the end of the reporting period, the Group has undrawn borrowing facilities under floating rate amounting to HK$30,500,000 (2021: HK$30,500,000).

29. LEASES LIABILITIES

	2022 HK$'000	2021 HK$'000
Lease liabilities payable:		
Within one year	**83,334**	68,299
Within a period of more than one year but not more than two years	**83,306**	64,401
Within a period of more than two years but not more than five years	**128,519**	106,914
Within a period of more than five years	**9,695**	4,101
	304,854	243,715
Less: Amount due for settlement within 12 months shown under current liabilities	**(83,334)**	(68,299)
Amount due for settlement after 12 months shown under non-current liabilities	**221,520**	175,416

The weighted average incremental borrowing rates applied to lease liabilities ranging from 2.93% to 4.75% (2021: 2.93% to 4.75%).

30. AMOUNTS DUE FROM DIRECTORS, A SHAREHOLDER, AN ASSOCIATE AND A JOINT VENTURE/LOAN TO AN ASSOCIATE

(a) Amounts due from directors

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

The maximum amounts outstanding during the year are HK$994,000 (2021: HK$144,000).

(b) Amount due from a shareholder

The amount is non-trade in nature, unsecured, interest-free and repayable on demand.

The maximum amount outstanding during the year is HK$78,000 (2021: HK$60,000).

(c) Amount due from a joint venture

The balance represents the amount due from Long Sea, which is non-trade in nature, unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amount is not expected to be repaid within twelve months from the end of the reporting period. Accordingly, the balance is classified as non-current. During the year ended 31 March 2021, HK$60,000 was repaid by the joint venture and there was a reversal of loss allowance of HK$60,000. The remaining balance was fully impaired by the Group as its recoverability is considered to be remote.

30. AMOUNTS DUE FROM DIRECTORS, A SHAREHOLDER, AN ASSOCIATE AND A JOINT VENTURE/LOAN TO AN ASSOCIATE *(Continued)*

(d) Amount due from an associate

The amount due from UML is non-trade in nature, unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amount is expected to be repaid within twelve months from the end of the reporting period. Accordingly, the balance is classified as current.

(e) Loan to an associate

The amount is loan to UML which is unsecured and interest-free and repayable on demand. In the opinion of the directors of the Company, the amount is not expected to be repaid within twelve months from the end of the reporting period. Accordingly, the balance is classified as non-current. The Group had provided impairment allowance for credit loss of HK$844,000 for the year ended 31 March 2020 as its recoverability was considered to be remote and the balance was fully impaired thereafter.

Details of impairment assessment of amounts due from a joint venture, an associate, directors and a shareholder and loan to an associate for the years ended 31 March 2022 and 2021 are set out in note 37.

31. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 **HK$'000**	2021 HK$'000
Deferred tax assets	**1,041**	1,182
Deferred tax liabilities	**(411)**	(1,301)
	630	(119)

31. DEFERRED TAXATION *(Continued)*

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Tax loss HK$'000	Allowance for credit losses HK$'000	Depreciation allowance HK$'000	Other adjustment HK$'000	Total HK$'000
At 1 April 2020	217	390	(609)	(253)	(255)
(Charged) credited to profit or loss for the year	(217)	(10)	191	172	136
At 1 April 2021	–	380	(418)	(81)	(119)
Credited (charged) to profit or loss for the year	1,099	–	(431)	81	749
At 31 March 2022	1,099	380	(849)	–	630

At the end of the reporting period, the Group has unused tax losses of HK$26,309,000 (2021: HK$2,389,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$6,663,000 (2021: nil) of such losses. No deferred tax asset has been recognised in respect of remaining tax losses of HK$19,646,000 (2021: HK$2,389,000) due to the unpredictability of future profit streams. Such unused tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has no deductible temporary differences (2021: HK$383,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

32. PROVISION FOR REINSTATEMENT COSTS

	Reinstatement works HK$'000
At 1 April 2020	1,802
Provision for the year	5,736
Utilisation of provision	(20)
Exchange adjustments	2
At 31 March 2021	7,520
Provision for the year	2,210
Utilisation of provision	(640)
Exchange adjustments	19
At 31 March 2022	9,109

	2022 HK$'000	2021 HK$'000
Current	**679**	1,350
Non-current	**8,430**	6,170
	9,109	7,520

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

33. PROVISION FOR LONG SERVICE PAYMENTS

Movements in the Group's long service payment liability during the year are as follows:

	HK$'000
At 1 April 2020	291
Addition	112
Utilisation of provision	(5)
At 31 March 2021	398
Addition	75
Utilisation of provision	(124)
At 31 March 2022	349

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service, and is reduced by entitlements accrued under the Group's MPF Scheme that is attributable to contributions made by the Group.

34. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 April 2020, 31 March 2021 and 31 March 2022	1,000,000,000	100,000
Issued and fully paid:		
At 1 April 2020	379,732,000	37,973
Issuance of shares (Note)	7,200,000	720
At 31 March 2021 and 2022	386,932,000	38,693

34. SHARE CAPITAL *(Continued)*

Note: On 3 November 2021, the Group entered into a placing and top-up subscription agreement with a placing agent (the "Placing Agent") and IKEAB, whereby IKEAB agreed to appoint the Placing Agent to procure not less than 6 placees for up to 7,200,000 shares of the Company at of HK$1.33 per placing share representing a discount of approximately 4.32% to the closing market price of the Company's ordinary shares on 3 November 2021 and IKEAB has agreed to subscribe for up to 7,200,000 shares of the Company per subscription share.

On 5 November 2020, a total of 7,200,000 shares of the Company were successfully placed. The net proceeds of HK$9,326,000 from the placing will be used to fund the expansion of the restaurant business, and to provide additional working capital for the Company. These new shares were issued to IKEAB under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 10 November 2020 and rank pari passu with other shares in issue in all respects.

35. RETIREMENT BENEFITS PLANS

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500 (the "Mandatory Contributions"), and this is the only obligation of the Group with respect to the MPF Scheme to make the required contribution. The 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 the consolidated statement of profit or loss and other comprehensive income represent contribution paid or payable to the funds by the Group at rates specified in the rules of the MPF Scheme.

The employees of the subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The relevant subsidiary is required to make contributions to the retirement benefit scheme based on certain percentage of payroll costs to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year, the contributions made by the Group relating to the above arrangements were HK$7,291,000 (2021: HK$4,512,000), of which HK$6,360,000 (2021: HK$4,374,000) was attributable to the MPF Scheme at rates specified in the rules of the MPF Scheme.

36. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of bank borrowing, lease liabilities and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits, as disclosed in the consolidated statement of changes in equity.

The directors of the Company review the capital structure from time to time. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issue and share buy-backs as well as the issue of new debts or the redemption of existing debts.

37. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets at amortised cost	**113,273**	126,208
Mandatorily measured at FVTPL	**1,728**	1,673
Financial liabilities		
Amortised cost	**7,930**	15,232

b. Financial risk management objectives and policies

The Group's major financial instruments include financial asset at FVTPL, trade and other receivables, bank balances and cash, rental and utilities deposits, other deposits, amounts due from a shareholder, directors, an associate and a joint venture, loan to an associate, trade and other payables and bank borrowing. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. Details of each type of market risks are described as follows:

37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risks *(Continued)*

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowing and bank balances. The Group currently does not enter into any hedging instrument for cash flow interest rate risk. However, the Group monitors interest rate risk exposure and will consider hedging significant interest rate risk should the need arise.

The Group is also exposed to fair value interest rate risk in relation to lease liabilities. The directors of the Company will take appropriate measures to manage interest rate exposure if interest rate fluctuates significantly. The management considers the fair value interest rate risk to the Group is low.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of BLR of the relevant banks arising from the Group's Hong Kong dollars denominated borrowing.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowing at the end of the reporting period. The analysis is prepared assuming amounts of these financial instruments outstanding at the end of the reporting period were outstanding for the whole period. A 50 basis points increase or decrease represents management's assessment on the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower for variable rate bank borrowing, with all other variables held constant, the Group's post-tax profit for the year ended 31 March 2021 would decrease/increase by HK$3,000.

No sensitivity analysis of bank balances of the Group is presented as the directors of the Company consider that the interest rate fluctuations on bank balances is minimal.

(ii) Foreign currency risk

The Group undertakes certain operating transactions in foreign currency, which exposes the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the directors of the Company monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should such need arise.

37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risks *(Continued)*

(ii) Foreign currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets as at the end of the reporting period are as follows:

	2022 Assets HK$'000	2021 Assets HK$'000
US$	**1,728**	1,673

As the US$ will only vary between HK$7.75=US$1 and HK$7.85=US$1 under the Linked Exchange Rate System, the directors of the Company are of the opinion that the Group's exposure to US$ is minimal and accordingly, no foreign currency sensitivity analysis on US$ is presented.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade and other receivables, rental and utilities deposits, other deposits, amounts due from directors, a joint venture, an associate and a shareholder, loan to an associate and bank balances.

As at 31 March 2022 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. The Group has significant concentrations of credit risk with exposure spread over a number of counterparties and trade receivables represent mainly credit card receivables from financial institutions, and trade receivables from delivery agents and other payment channels. As the counterparties are reputable banks with high credit ratings assigned by international credit agencies and delivery agents and other payment channels with satisfactory settlement history, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the directors of the Company have a credit control policy in place under which credit evaluation of customers are performed on all customers requiring credit. Other 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 on trade receivables from credit card companies and delivery agents and the remaining trade receivables of the Group individually.

Trade receivables from financial institutions in connection to settlements by credit cards by the customers are with high credit rating and have no past due history. The directors of the Company consider these assets are short-term in nature and the probability of default is negligible on the basis of the high-credit-rating issuers as at 31 March 2022 and 2021; and accordingly, no loss allowance was recognised.

37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables arising from contracts with customers (Continued)

The management considered the probability of default of trade receivables with delivery agents and other payment channels is low since there is no overdue balance, and after taking into the account of the past default experience of the debtors and adjusted for general economic conditions of the industry at the reporting date. Accordingly, the directors of the Company are of the opinion that the credit risk of these trade receivables is limited.

Other receivables, rental and utilities deposits and other deposits

The directors of the Company make periodic individual assessment on the recoverability of other receivables, rental and utilities deposits and other deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 March 2022 and 2021, the Group assessed the ECL for other receivables, rental and utilities deposits and other deposits were insignificant and thus no loss allowance was recognised.

Amounts due from directors, an associate, a joint venture and a shareholder and loan to an associate

The Group has concentration risk on amounts due from directors, an associate, a joint venture and a shareholder and loan to an associate as at 31 March 2022 and 2021. The Directors continuously monitor the credit quality and financial positions of the counterparties and the level of exposure to ensure that follow-up action is taken to recover the debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on balances individually.

As at 31 March 2022 and 2021, the directors of the Company assess that there is no significant increase in credit risk of amounts due from directors, an associate and a shareholder since initial recognition and thus the ECL allowance for theses receivables is measured under 12m ECL method.

Due to change of business environment, the directors of the Company believe that there is a significant increase in credit risk of amount due from a joint venture and loan to an associate and thus the Group measures impairment based on lifetime ECL as at 31 March 2022 and 2021.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. 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.

37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

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

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

37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

***Credit risk and impairment assessment** (Continued)*

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

	Notes	External credit rating	Internal credit rating	12m ECL or lifetime ECL	2022 Gross carrying amount HK$'000	2021 Gross carrying amount HK$'000
Financial assets at amortised cost						
Trade receivables – credit cards	23	A2, A3 (Note 1)	N/A	Lifetime ECL	687	1,721
Trade receivables – other payment channels	23	N/A	Low risk (Note 1)	Lifetime ECL	700	840
Trade receivables – delivery agents	23	N/A	Low risk (Note 1)	Lifetime ECL	385	267
					1,772	2,828
Other receivables, rental and utilities deposits and other deposits	23	N/A	Low risk (Note 2)	12m ECL	45,845	41,801
Loan to an associate	30	N/A	Loss (Note 3)	Lifetime ECL	997	997
Amount due from an associate	30	N/A	Doubtful (Note 3)	Lifetime ECL	79	79
Amount due from a joint venture	30	N/A	Loss (Note 4)	Lifetime ECL	1,308	1,308
Amounts due from directors	30	N/A	Low risk (Note 2)	12m ECL	994	144
Amount due from a shareholder	30	N/A	Low risk (Note 2)	12m ECL	78	60
Bank balances	25	Aa2, Aa3	N/A (Note 5)	12m ECL	64,029	80,687

37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes:

1. For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group assesses the ECL for credit card trade receivables from credit card companies, delivery agents and other payment channels individually.

   For credit card trade receivables, the external credit rating is assessed according to Moody's Rating Scaling. The Group has balances with two financial institutions in which the ratings are A2 and A3, respectively.

   For amounts due from delivery agents and other payment channels, the credit risks are limited as the counterparties have good business relationships with the Group with satisfactory settlement history and the Group also assesses the available forward-looking information that is available without cost and effort.

   During the years ended 31 March 2022 and 2021, no impairment allowance was provided for trade receivables as the amount is insignificant.

2. For the purposes of internal credit risk management, the Group uses historical settlement records and past experience to assess whether credit risk has increased significantly since initial recognition.

	2022 **HK$'000**	2021 HK$'000
Not past due/no fixed repayment terms		
Other receivables, rental and utilities deposits and other deposits	**45,845**	41,801
Amount due from a shareholder	**78**	60
Amounts due from directors	**994**	144

   During the years ended 31 March 2022 and 2021, no impairment allowance was provided for other receivables, rental and utilities deposits, other deposits and amounts due from directors and a shareholder as the amount is insignificant.

3. As at 31 March 2022 and 2021, the Group measures the loss allowance at lifetime ECL due to significant increase in credit risk since initial recognition and the gross amount of loan to an associate had been fully impaired in prior year as its recoverability is considered to be remote.

   For the amount due from an associate, the Group measures the loss allowance at lifetime ECL. For the purpose of impairment assessment for amount due from an associate, the ECL is considered to be immaterial after considering its short repayment period. The amount of impairment is considered insignificant.

37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes: *(Continued)*

4. As at 31 March 2022 and 2021, the Group measures the loss allowance at lifetime ECL due to significant increase in credit risk since initial recognition. During the year ended 31 March 2021, HK$60,000 was repaid from the joint venture and there was a reversal of loss allowance of HK$60,000. The remaining balance of HK$1,308,000 was still considered as fully impaired as the recoverability considered as remote.

   The following table show reconciliation of the loss allowances that have been recognised for amount due from a joint venture:

	12m ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 1 April 2020	–	1,368	1,368
– Impairment loss reversed	–	(60)	(60)
As at 31 March 2021 and 2022	–	1,308	1,308

5. The external credit rating is assessed according to Moody's Rating Scaling. The Group has balances with three banks, in which rating for one bank as Aa2 and rating for remaining two banks are Aa3.

During the years ended 31 March 2022 and 2021, no impairment allowance was provided for bank balances as the amount is insignificant.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of committed credit facilities. The committed unutilised banking facilities made available to the Group are HK$30,500,000 (2021: HK$30,500,000).

The Group managed liquidity risk by maintaining sufficient cash and the availability of adequate banking facilities to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$37,614,000 at 31 March 2022. In the opinion of the directors of the Company, the Group will have sufficient funds available from its future operating cash flows. Taking into account to the available banking facilities, the directors of the Company are confident that the Group has sufficient working capital to meet in full its financial obligations as the fall due for at least the next twelve months from the end of the reporting period.

37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

***Liquidity risk** (Continued)*

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

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

Liquidity tables

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2022							
Non-derivative financial liabilities							
Trade and other payables	–	7,930	–	–	–	7,930	7,930
Lease liabilities	3.13	92,879	89,072	133,927	9,845	325,723	304,854
		100,809	89,072	133,927	9,845	333,653	312,784

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2021							
Non-derivative financial liabilities							
Trade and other payables	–	14,468	–	–	–	14,468	14,468
Bank borrowing	2.50	771	–	–	–	771	764
Lease liabilities	3.07	75,033	69,616	111,154	4,142	259,945	243,715
		90,272	69,616	111,154	4,142	275,184	258,947

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity tables (Continued)

Bank borrowing with a repayment on demand clause are included in the "repayable on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2021, the aggregate carrying amount of the bank borrowing amounted HK$764,000. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The directors of the Company believe that the bank borrowing will be repaid in accordance with the scheduled repayment dates set out in the loan agreement.

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

	Weighted average effective interest rate %	Less than 1 year HK$'000	1 to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Bank borrowing with a repayment on demand clause					
As at 31 March 2021	2.50	771	–	771	764

c. Fair value

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and key input(s) used).

37. FINANCIAL INSTRUMENTS *(Continued)*

c. Fair value *(Continued)*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis *(Continued)*

Financial asset	Fair value as at 2022 HK$'000	Fair value as at 2021 HK$'000	Fair value hierarchy	Valuation technique and key input
Financial asset at FVTPL	**1,728**	1,673	Level 3	With reference to the adjusted cash value provided by counterparty which represents the premium paid to the polices adjusted by net yield with reference to the expected return rate of 4.4% (2021: 4.4%)

Note: The significant unobservable input is expected return rate and assuming other inputs were held constant, if the expected return rate increases, the fair value of the policies increase and vice versa. In the opinion of the directors of the Company, the change of expected return rate of the policies is insignificant based on historical record and no sensitivity is prepared.

There were no transfers between level 1, level 2 and level 3 for both years.

Reconciliation of Level 3 fair value measurements of financial assets

	HK$'000
At 1 April 2020	1,620
Net gains in profit or loss	53
At 31 March 2021	1,673
Net gains in profit or loss	55
At 31 March 2022	1,728

Of the total gains or losses for the year included in profit or loss, HK$55,000 (2021: HK$53,000) relates to financial assets designated as at FVTPL held at the end of the current reporting period. Fair value gains or losses on financial assets designated as at FVTPL are included in "other gains and losses".

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities carried at amortised cost in the consolidated financial statements approximate their fair values.

38. CAPITAL COMMITMENTS

	2022 HK$'000	2021 HK$'000
Contracted for but not provided:		
Acquisition of property, plant and equipment	**84**	4,672
Acquisition of intangible assets	**1,250**	1,279
	1,334	5,951

39. RELATED PARTY TRANSACTIONS

Apart from details of the balances with related parties disclosed in the consolidated statement of financial position and other details disclosed elsewhere in the consolidated financial statements, the Group also entered into the following transactions with related parties during the years:

Name of related party	Nature of transactions	2022 HK$'000	2021 HK$'000
Controlling shareholders	Expenses relating to short-term leases (Note)	**164**	126
	Payments for right-of-use assets – prepaid rentals (Note)	**3,082**	2,544
UML	Management fee income	**120**	50

Note: The Group entered into several lease agreements for the use of office premises, warehouses and directors' quarter for one year for the years ended 31 March 2022 and 2021. During the year ended 31 March 2022, the Group made payments for right-of-use assets of HK$3,082,000 for those premises with new lease term of one year (2021: HK$2,544,000). In addition, the Group has entered into short-term lease agreements for leases of car park spaces for one year during the years ended 31 March 2022 and 2021.

39. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel

The remuneration of senior management personnel including executive directors' remuneration during the year is as follows:

	2022 HK$'000	2021 HK$'000
Short-term benefits	**8,098**	6,687
Post-employment benefits	**143**	136
	8,241	6,823

40. PARTICULARS OF SUBSIDIARIES

a. General information of subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are set out below:

Name of subsidiaries #	Place of incorporation and operation	Issued and fully paid-up share capital	Attributable equity interest held by the Company As at 31 March 2022	Attributable equity interest held by the Company As at 31 March 2021	Principal activities
BWHK Limited	BVI/Hong Kong ("HK")	US$1	**100%**	100%	Investment holding
Better World Holdings Limited	HK	HK$100	**100%**	100%	Investment holding
Rise Charm Limited	HK	HK$100	**100%**	100%	Restaurant operations
Better World Development Limited	HK	HK$100	**100%**	100%	Restaurant operations
Nice Grain Limited	HK	HK$3,000,000	**100%**	100%	Restaurant operations
Taste New Limited	HK	HK$1,000,000	**100%**	100%	Restaurant operations
Taste Gourmet Limited	HK	HK$200	**100%**	100%	Restaurant operations
Business Development Limited	HK	HK$100	**100%**	100%	Restaurant operations
Better World Management Limited	HK	HK$1	**100%**	100%	Provision of management services
MP Limited	HK	HK$1,000,000	**100%**	100%	Restaurant operations
Taste Gourmet China Investment Limited	HK	HK$1	**100%**	100%	Provision of management services
上海萬家匯美餐飲管理有限公司 ("萬家匯美")	The PRC	RMB15,000,000	**60%**	60%	Restaurant operations
United Rich F&B Limited	HK	HK$1	**100%**	100%	Restaurant operations

40. PARTICULARS OF SUBSIDIARIES *(Continued)*

a. General information of subsidiaries *(Continued)*

BWHK Limited and Taste Gourmet China Investment Limited are directly held subsidiaries of the Company. All other subsidiaries are indirectly held by the Company.

All the companies except for 萬家匯美 comprising the Group have adopted 31 March as their financial year end date and 萬家匯美 has adopted 31 December as its financial year end date.

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

b. Details of a non-wholly owned subsidiary that has material non-controlling interest

The table below shows details of a non-wholly-owned subsidiary of the Group that has material non-controlling interest:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest		Loss allocated to non-controlling interest		Accumulated non-controlling interest	
		2022	2021	**2022**	2021	**2022**	2021
				HK$'000	HK$'000	**HK$'000**	HK$'000
萬家匯美	The PRC	**40%**	40%	**(4,293)**	(735)	**7,306**	6,444

40. PARTICULARS OF SUBSIDIARIES *(Continued)*

b. Details of a non-wholly owned subsidiary that has material non-controlling interest *(Continued)*

Summarised financial information in respect of 萬家匯美 is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2022 HK$'000	2021 HK$'000
Current assets	**9,226**	10,301
Non-current assets	**36,599**	26,597
Current liabilities	**(2,150)**	(4,236)
Non-current liabilities	**(25,410)**	(16,553)
	18,265	16,109
Equity attributable to owners of the Company	**10,959**	9,665
Non-controlling interest	**7,306**	6,444
	18,265	16,109

40. PARTICULARS OF SUBSIDIARIES *(Continued)*

b. Details of a non-wholly owned subsidiary that has material non-controlling interest *(Continued)*

	For the year ended 31 March 2022 HK$'000	2021 HK$'000
Revenue	**31,740**	3,764
Expenses	**(42,472)**	(5,601)
Loss for the year	**(10,732)**	(1,837)
Other comprehensive income	**658**	887
Loss and total comprehensive expense for the year	**(10,074)**	(950)
Loss for the year attributable to owners of the Company	**(6,439)**	(1,102)
Loss for the year attributable to the non-controlling interest	**(4,293)**	(735)
Loss for the year	**(10,732)**	(1,837)
Loss and total comprehensive expense attributable to owners of the Company	**(6,044)**	(570)
Loss and total comprehensive expense attributable to the non-controlling interest	**(4,030)**	(380)
Loss and total comprehensive expense for the year	**(10,074)**	(950)
Dividends paid to non-controlling interest	**–**	–
Net cash inflow (outflow) from operating activities	**3,948**	(510)
Net cash outflow from investing activities	**(13,553)**	(7,892)
Net cash inflow from financing activities	**6,326**	16,418
Effect of foreign exchange rate changes	**263**	935
Net cash (outflow) inflow	**(3,016)**	8,951

41. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to an extraordinary general meeting of the shareholders of the Company held on 20 December 2017 for the primary purpose of motivating employees (whether full time or part-time), proposed employees, directors or proposed directors, or business associates of the Group ("Eligible Person(s)"), for their past or future contributions to the Group and to attract and retain or otherwise maintain on-going relationships with Eligible Persons so as to encourage them to work towards enhancing the value of the Group.

On 29 June 2018, a total number of 2,810,000 options was granted to certain eligible employees under the Share Option Scheme at an exercise price of HK$0.92 per share. The exercise price is the same as the offer price of the shares of the Company at its initial public offering on 17 January 2018 which is higher than: (i) the closing price of HK$0.74 per share as stated in the daily quotation sheet issued by the Stock Exchange on 29 June 2018, being the date of the grant; (ii) the average closing price of HK$0.74 per share as stated in the daily quotation sheet issued by the Stock Exchange for five business days immediately preceding the date of the grant; and (iii) HK$0.10, being the nominal value of the each share. The share options granted will be vested as to 30%, 30% and 40% from the first, second and third anniversary from the date of grant and is all exercisable till 28 June 2028. 1,530,000 (2021: 834,000) share options were exercisable at 31 March 2022.

On 9 August 2020, a total number of 1,920,000 options was granted to certain eligible employees under the Share Option Scheme at an exercise price of HK$0.85 per share. The exercise price is higher than: (i) the closing price of HK$0.76 per share as stated in the daily quotation sheet issued by the Stock Exchange on 9 August 2020, being the date of the grant; (ii) the average closing price of HK$0.794 per share as stated in the daily quotation sheet issued by the Stock Exchange for five business days immediately preceding the date of the grant; and (iii) HK$0.10, being the nominal value of the each share. The share options granted will be vested as to 30%, 30% and 40% from the first, second and third anniversary from the date of grant and is all exercisable till 8 August 2029. 1,032,000 (2021: 576,000) share options were exercisable at 31 March 2022.

On 16 December 2021, a total number of 3,690,000 options was granted to certain eligible employees under the Share Option Scheme at an exercise price of HK$0.90 per share. The exercise price is higher than: (i) the closing price of HK$0.88 per share as stated in the daily quotation sheet issued by the Stock Exchange on 16 December 2021, being the date of the grant; (ii) the average closing price of HK$0.89 per share as stated in the daily quotation sheet issued by the Stock Exchange for five business days immediately preceding the date of the grant; and (iii) HK$0.10, being the nominal value of the each share. The share options granted will be vested as to 30%, 30% and 40% from the first, second and third anniversary from the date of grant and is all exercisable till 16 December 2031. No share options were exercisable at 31 March 2022.

41. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share Option Scheme *(Continued)*

The table below discloses movement of the Company's share options held by the Group's employees:

	Issued on 29 June 2018	Issued on 9 August 2020	Issued on 16 December 2021	Total
Outstanding as at 1 April 2020	2,780,000	1,920,000	–	4,700,000
Forfeited during the year	(230,000)	–	–	(230,000)
Outstanding as at 31 March 2021	2,550,000	1,920,000	–	4,470,000
Forfeited during the year	(350,000)	(200,000)	–	(550,000)
Granted during the year	–	–	3,690,000	3,690,000
Outstanding as at 31 March 2022	2,200,000	1,720,000	3,690,000	7,610,000

The closing price of the Company's shares immediately before 16 December 2021, 9 August 2020 and 29 June 2018, the dates of grant, was HK$0.88, HK$0.76 and HK$0.74, respectively. The fair value of the options determined at the dates of grant (i.e. 16 December 2021, 9 August 2020 and 29 June 2018) using the Binomial model was approximately HK$358,000, HK$296,000 and HK$527,000, respectively, of which total of HK$133,000 (2021: HK$205,000) was charged to the profit or loss for the year ended 31 March 2022.

The share options outstanding at 31 March 2022 had a weighted average remaining contractual life of 8.18 years (2021: 7.73 years).

The following assumptions were used to calculate the fair value of the share options granted:

	Grant date of 16 December 2021	Grant date of 9 August 2019	Grant date of 29 June 2018
Weighted average share price	HK$0.90	HK$0.85	HK$0.92
Grant date share price	HK$0.88	HK$0.76	HK$0.74
Exercise price	HK$0.90	HK$0.85	HK$0.92
Expected life	10 years	10 years	10 years
Expected volatility	30.13%	29.89%	32.85%
Dividend yield	9.09%	3.95%	2.97%
Risk-free interest rate	1.12%	1.12%	2.17%

The Binomial model has been used to estimate the fair value of the options. The estimated risk-free interest rate is based on the yield of Hong Kong Government Bonds with a maturity life closed to the option life of the share options. Volatility was estimated at grant date based on average of daily historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date.

41. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share Option Scheme *(Continued)*

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are determined by the directors of the Company with best estimate. The value of an option varies with different variables of certain subjective assumptions.

The number of share options granted expected to vest has been reduced to reflect historical experience of forfeiture of 16.6% (2020: 6%) of options granted prior to completion of vesting period and accordingly the share option expense has been adjusted. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in the profit or loss over the remaining vesting period, with a corresponding adjustment to the share options reserve.

42. 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.

	Dividend payable HK$'000	Lease liabilities HK$'000	Bank borrowing HK$'000	Total HK$'000
At 1 April 2020	–	181,217	2,048	183,265
Financing cash flows	(5,696)	(69,787)	(1,322)	(76,805)
Finance costs recognised	–	6,796	38	6,834
New leases entered	–	75,326	–	75,326
Lease modified	–	56,148	–	56,148
Exchange adjustments	–	519	–	519
COVID-19-related rent concession (note 10)	–	(6,504)	–	(6,504)
Dividends declared (note 13)	5,696	–	–	5,696
At 1 April 2021	–	243,715	764	244,479
Financing cash flows	(30,954)	(81,543)	(770)	(113,267)
Finance costs recognised	–	9,456	6	9,462
New leases entered	–	59,442	–	59,442
Lease modified	–	89,554	–	89,554
Lease terminated	–	(12,852)	–	(12,852)
Exchange adjustments	–	822	–	822
COVID-19-related rent concession (note 10)	–	(3,740)	–	(3,740)
Dividends declared (note 13)	30,954	–	–	30,954
At 31 March 2022	–	304,854	–	304,854

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2022	2021
	HK$'000	HK$'000
NON-CURRENT ASSETS		
Right-of-use asset	**1,440**	1,560
Investments in subsidiaries	**1,169**	1,036
Amounts due from subsidiaries (Note)	**20,527**	41,070
Deposits for intangible asset	**1,000**	–
Intangible asset	**858**	1,049
	24,994	44,715
CURRENT ASSETS		
Deposits and prepayments (Note)	**4,397**	5,170
Amount due from a shareholder (Note)	**–**	22
Amounts due from subsidiaries (Note)	**60,140**	12,884
Tax recoverable	**31**	–
Bank balances (Note)	**8,818**	20,329
	73,386	38,405
CURRENT LIABILITY		
Accrued expenses	**2,935**	3,219
NET CURRENT ASSETS	**70,451**	35,186
NET ASSETS	**95,445**	79,901
CAPITAL AND RESERVES		
Share capital	**38,693**	38,693
Share premium and reserves	**56,752**	41,208
TOTAL EQUITY	**95,445**	79,901

Note: ECL for deposits, amounts due from subsidiaries and a shareholder and bank balances are assessed on a 12m ECL basis as there had been no significant increase in credit risk since initial recognition and impairment allowance is considered to be insignificant. No provision for impairment loss has been recognised during the years ended 31 March 2022 and 2021.

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

The movements in reserves of the Company for the current and prior years:

	Share premium HK$'000	Other reserve HK$'000	Share options Reserve HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2020	5,340	300	528	2,027	20,844	29,039
Profit and total comprehensive income for the year	–	–	–	–	9,054	9,054
Issuance of shares (note 34)	8,606	–	–	–	–	8,606
Recognition of equity settled share-based payment (note 41)	–	–	205	–	–	205
Lapse of share options (note 41)	–	–	(38)	–	38	–
Dividends recognised as distribution (note 13)	–	–	–	–	(5,696)	(5,696)
At 31 March 2021	13,946	300	695	2,027	24,240	41,208
Profit and total comprehensive income for the year	–	–	–	–	46,365	46,365
Recognition of equity settled share-based payment (note 41)	–	–	133	–	–	133
Lapse of share options (note 41)	–	–	(87)	–	87	–
Dividends recognised as distribution (note 13)	–	–	–	–	(30,954)	(30,954)
At 31 March 2022	13,946	300	741	2,027	39,738	56,752