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## **SIMPLICITY HOLDING LIMITED**

**倩碧控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8367)**

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021**

The board of directors (the “**Board**”) of Simplicity Holding Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2021 (the “**Annual Results**”). This announcement contains the full text of the annual report of the Group for the year ended 31 March 2021 and the contents were prepared in accordance with the relevant disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM**” and the “**GEM Listing Rules**”, respectively). The Annual Results have been reviewed by the Board and the audit committee of the Board.

For and on behalf of the Board  
**Simplicity Holding Limited**  
**Wong Suet Hing**  
*Chairman and Executive Director*

Hong Kong, 23 June 2021

*As at the date of this announcement, the executive Directors of the Company are Ms. Wong Suet Hing, Ms. Wong Sau Ting Peony and Mr. Wong Chi Chiu Henry; and the independent non-executive Directors of the Company are Ms. Ng Yau Kuen Carmen, Mrs. Cheung Lau Lai Yin Becky and Mr. Yu Ronald Patrick Lup Man.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its publication and posting and will be published and remains on the website of the Company at <http://www.simplicityholding.com>.*

\* For identification purpose only



麻酸樂  
MARSINO

  
麻孫樂  
Marsino

# 倩碧控股有限公司 Simplicity Holding Limited

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 8367

## Annual Report 2021

# CHARACTERISTICS OF THE GEM (“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 Stock Exchange. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

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

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# CORPORATE INFORMATION

## **Board of Directors**

### *Executive Directors*

Ms. Wong Suet Hing (*Chairlady*)  
Ms. Wong Sau Ting Peony  
Mr. Wong Chi Chiu Henry  
Mr. Wong Muk Fai Woody (Retired on 24 September 2020)  
Mr. Ma Sui Hong (Resigned on 9 February 2021)

### *Independent non-executive Directors*

Ms. Ng Yau Kuen Carmen  
Mrs. Cheung Lau Lai Yin Becky  
Mr. Yu Ronald Patrick Lup Man

## **Compliance Officer**

Mr. Wong Chi Chiu Henry

## **Authorised Representatives**

Ms. Wong Sau Ting Peony  
Mr. Wong Chi Chiu Henry

## **Company Secretary**

Mr. Wong Chi Chiu Henry

## **Audit Committee**

Ms. Ng Yau Kuen Carmen (*Chairlady*)  
Mrs. Cheung Lau Lai Yin Becky  
Mr. Yu Ronald Patrick Lup Man

## **Remuneration Committee**

Mrs. Cheung Lau Lai Yin Becky (*Chairlady*)  
Ms. Ng Yau Kuen Carmen  
Mr. Yu Ronald Patrick Lup Man  
Ms. Wong Suet Hing  
Ms. Wong Sau Ting Peony

## **Nomination Committee**

Mr. Yu Ronald Patrick Lup Man (*Chairman*)  
Ms. Ng Yau Kuen Carmen  
Mrs. Cheung Lau Lai Yin Becky  
Ms. Wong Suet Hing  
Ms. Wong Sau Ting Peony

## **Auditor**

Elite Partners CPA Limited  
Certified Public Accountants  
10/F, 8 Observatory Road,  
Tsim Sha Tsui,  
Kowloon, Hong Kong

## **Legal Adviser as to Hong Kong Laws**

Khoo & Co.  
15/F & 16/F, Tern Centre Tower 2,  
251 Queen's Road Central, Hong Kong

# CORPORATE INFORMATION

<b>Principal Bankers</b>	Shanghai Commercial Bank Limited Shanghai Commercial Bank Tower 12 Queen's Road Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
<b>Registered Office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Headquarters and principal place of business in Hong Kong</b>	Unit 13, 8/F Vanta Industrial Centre 21-33 Tai Lin Pai Road Kwai Chung, New Territories Hong Kong
<b>Principal Share Registrar and Transfer Office</b>	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Hong Kong Share Registrar and Transfer Office</b>	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Company Website</b>	<a href="http://www.simplicityholding.com">www.simplicityholding.com</a>
<b>GEM Stock Code</b>	08367

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Board**”), I am pleased to present the annual results of Simplicity Holding Limited (the “**Company**”) and its subsidiaries (together with the Company, the “**Group**”) for the year ended 31 March 2021, together with the comparative figures for the year ended 31 March 2020.

## FINANCIAL RESULTS

For the year ended 31 March 2021, the total Group revenue was approximately HK\$97.4 million (2020: approximately HK\$116.4 million). Profit for the year attribute to the owners of the Company was approximately HK\$8.6 million (2020: Loss of approximately HK\$44.5 million). The turnaround from loss to profit was mainly attributable to receipt of Government subsidies under the Anti Epidemic Fund; and decrease in staff costs as a result of implementation of control measures by the Group.

## BUSINESS REVIEW

As at 31 March 2021, we are operating nine restaurants under three brands, namely “Marsino”, “Grand Avenue” and “Baba Nyonya”. There are three restaurants under “Marsino”, two restaurants under “Grand Avenue” and four restaurants under “Baba Nyonya”, and they are all situated across Hong Kong, Kowloon and the New Territories. Among these 9 restaurants, 8 of them are operated by our own whereas 1 of them is operated by a franchisee.

During the year ended 31 March 2021, our Group has closed down four restaurants, three of them were Tuen Mun Marsino, Tiu Keng Leng Marsino and Tiu Keng Leng Grand Avenue due to their underperformance as affected by the outbreak of novel coronavirus (the “**COVID-19**”). Another one was Mongkok Baba Nyonya due to the expiry of its lease term. In June 2020, the franchisee has opened a new restaurant, namely Tin Shui Wai Baba Nyonya. In addition to the above restaurants, our Group also operates a central kitchen which supplies food ingredients to our restaurants.

The number of restaurants as at 31 March 2020, 31 March 2021 and as at the date of this report are as follows:

<b>Restaurant</b>	<b>31 March 2020</b>	<b>31 March 2021</b>	<b>Date of Report</b>
Marsino	5	3	3
Grand Avenue	4	2	2
Baba Nyonya ( <i>Note</i> )	3	4	4
	<u>12</u>	<u>9</u>	<u>9</u>

*Note:* Tin Shui Wai Baba Nyonya is operated by a franchisee.

## CHAIRMAN'S STATEMENT

During the year ended 31 March 2021, a total of 1,301,264 customers patronised our restaurants, a decrease of 767,863 customers or 37.1% when compared to the year ended 31 March 2020. Such decrease was mainly due to the social distancing measures imposed by the Hong Kong Government in order to urge the people to stay at home and dine out less often. The average spending per customer increased from HK\$56.3 to HK\$69.5. The key operating information by brand are summarised as follows:

### Key Operating Information by Brand

	Year ended 31 March 2021							Year ended 31 March 2020						
	Number of customers visits	Number of operation days	Total revenue HK\$'000	Average spending per Customer HK\$	Average daily revenue HK\$'000	Number of seats	Seat turnover rate	Number of customers visits	Number of operation days	Total revenue HK\$'000	Average spending per Customer HK\$	Average daily revenue HK\$'000	Number of seats	Seat turnover rate
Marsino	408,811	1,404	27,961	68.4	19.9	269	4.5	842,235	1,770	43,292	51.4	24.5	337	6.8
Grand Avenue	414,626	970	28,636	69.1	29.5	280	4.2	665,100	1,133	38,724	58.2	34.2	280	6.1
Baba Nyonya	477,827	1,460	38,983	81.6	26.7	235	5.6	541,457	1,217	32,554	60.1	26.7	235	7.9
Beefst	-	-	-	-	-	-	-	7,473	91	809	108.3	8.9	44	1.9
Haha Prawn Mee	-	-	-	-	-	-	-	12,862	91	1,046	81.3	11.5	82	1.7
	<b>1,301,264</b>	<b>3,834</b>	<b>95,580</b>	<b>69.5</b>	<b>24.9</b>	<b>784</b>	<b>4.8</b>	<b>2,069,127</b>	<b>4,302</b>	<b>116,425</b>	<b>56.3</b>	<b>27.1</b>	<b>978</b>	<b>4.9</b>
Sales of food ingredients			1,841											
			<b>97,421</b>											

## PROSPECTS

Since the beginning of January 2020, COVID-19 outbreak has continuously and adversely affected the global business environment including Hong Kong. The outlook remains uncertain despite vaccinations being implemented in many countries, and the Management will continue to monitor the situation closely. Depending on the duration of the disruption caused by COVID-19 outbreak, future financial results could be further adversely affected by lower revenue and economic slowdown. We are actively taking various measures to stimulate the revenue by offering various promotions and new dishes to attract the customers and to lower our operating costs and to mitigate the impact on the Group, including but not limited to negotiating with landlords for rental reductions and with suppliers for purchase discounts and minimising the costs of hiring casual workers. The Company will continuously monitor the effects of the COVID-19 pandemic and respond swiftly to its potential impact on the financial position and operating results of the Group.



## CHAIRMAN'S STATEMENT

The Group expects that after the coronavirus pandemic has been under control, the revenue generated by the Group will be improved. The Group is committed to strengthen our core capabilities to keep on improving its business performance and operating results so as to cope with these challenges and to present satisfactory results and bring favourable returns to our shareholders.

On 31 May 2021, the Company entered into a non-legally binding memorandum with a cooperative partner in China in which the Company and the cooperative partner shall cooperate in promoting the business of selling pharmaceutical products through automatic drug vending machines in the PRC, and plan to raise RMB300 million within 3 years to develop the automatic drug vending machines project. The Company and the cooperative partner will further negotiate to ascertain the details of the proposed cooperation and enter into a formal agreement. For details of the above, please refer to the announcement of the Company dated 31 May 2021.

On 11 June 2021, the Company has made an update to the shareholders and potential investors of the Company that the Company is in the course of discussion and negotiation with the cooperative partner in relation to the details and arrangement for the proposed cooperation as well as the plan for fund raising of RMB300 million within 3 years on a best effort basis only to develop the automatic drug vending machines project. It is expected that the Company and the cooperative partner will form a joint venture company in the PRC, which will be beneficially owned as to 70% by the Company and 30% by the cooperative partner. For further details, please refer to the announcement of the Company dated 11 June 2021.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all our valued customers, shareholders, investors and business partners for their continuous support. I would also like to express my appreciation to all fellow Directors, the management team and employees for their valuable contributions to achieve the major milestones of the Group to date.

**Wong Suet Hing**

*Chairman*

Hong Kong, 23 June 2021

# FINANCIAL HIGHLIGHTS

## FINANCIAL SUMMARY

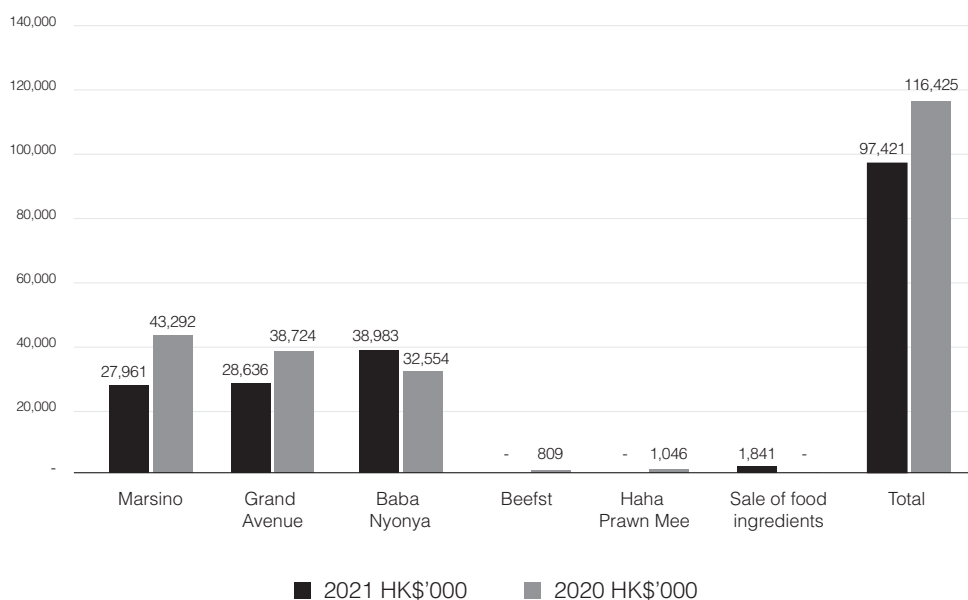
### CONSOLIDATED RESULTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	<b>97,421</b>	116,425
Profit/(Loss) before tax	<b>8,735</b>	(44,710)
Profit/(Loss) and total comprehensive income/(expense) for the year attributable to owners of the Company	<b>8,585</b>	(44,459)

### ASSETS AND LIABILITIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Assets		
Non-current assets	<b>46,238</b>	113,272
Current assets	<b>53,919</b>	8,905
<b>Total assets</b>	<b>100,157</b>	122,177
Liabilities		
Non-current liabilities	<b>25,462</b>	45,191
Current liabilities	<b>35,948</b>	55,088
<b>Total liabilities</b>	<b>61,410</b>	100,279
<b>Total equity</b>	<b>38,747</b>	21,898
<b>Total equity and liabilities</b>	<b>100,157</b>	122,177
<b>Net current assets/(liabilities)</b>	<b>17,971</b>	(46,183)
<b>Total assets less current liabilities</b>	<b>64,209</b>	67,089

Total Revenue by Brand



# FINANCIAL HIGHLIGHTS



## OUR RESTAURANT LEASES

Brand	# of Stores	Existing Location	Mall Operator	Lease Expiry Date	Option to Renew (Yrs)	Seats	FEHD Licensed Area (Sq M)
Marsino	3	Amoy Plaza, Ngau Tau Kok	Hang Lung	15/12/2023	None	50	90.2
		Fortune Kingswood, Tin Shui Wai	Fortune REIT	31/7/2022	3	66	108.6
		Wan Tsui Shopping Centre, Chai Wan	Link REIT	13/9/2024	None	67	152.7
Grand Avenue	2	MOS Town, Ma On Shan	Henderson	31/8/2023	None	108	182.9
		Tseung Kwan O Plaza, TKO	Nan Fung	1/11/2021	None	90	149.9
Baba Nyonya	4	MOS Town, Ma On Shan	Henderson	25/3/2024	None	52	104.9
		Tseung Kwan O Plaza, TKO	Nan Fung	1/11/2021	None	66	149.9
		Amoy Plaza, Ngau Tau Kok	Hang Lung	3/9/2024	None	63	118.5
		T Town, Tin Shui Wai	Link REIT	22/4/2023	3	72	134.0

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

According to the data released by the Census and Statistics Department of the Government of Hong Kong on 6 May 2021, the value of total receipts of the restaurants sector in the first quarter was provisionally estimated at HK\$19.7 billion, representing a decrease of approximately 8.8% over a year earlier. Over the same period, the provisional estimate of the value of total purchases by restaurants decreased by approximately 8.0% to approximately HK\$6.4 billion.

Analysed by type of restaurant and comparing the first quarter of 2021 with the first quarter of 2020, total receipts of Chinese restaurants decreased by 18.3% in value and 18.2% in volume. Total receipts of non-Chinese restaurants decreased by 1.3% in value and 0.2% in volume. Total receipts of fast-food shops decreased by 4.9% in value and 5.9% in volume. Total receipts of bars decreased by 74.7% in value and 73.2% in volume. As for miscellaneous eating and drinking places, total receipts increased by 5.4% in value and 4.1% in volume.

A Government spokesman said that the value of total restaurant receipts showed a narrower year-on-year decline of 8.8% in the first quarter of 2021, mainly due to lower base of comparison. Business improved successively in February and March from the difficult situation in January, as the fourth wave of the local epidemic receded. Yet, total restaurant receipts in March were still sizable lower than the levels before the COVID-19 pandemic.

The spokesman further pointed out that the business environment of restaurants will remain challenging in the near term, as the local job and income situation is still under notable pressure and inbound tourism remains in the doldrums. Nonetheless, the recent relaxation of certain restrictions on restaurants with the “vaccine bubble” as the basis should render some support.

The outlook down the road depends critically on how the situation of the COVID-19 infection will evolve. The Group will continue to monitor the developments closely and will be cautious in running our business.

## BUSINESS OVERVIEW

We are a casual dining full service restaurant operator and up to the date of this report, we are operating 9 restaurants under 3 brands, namely “Marsino”, “Baba Nyonya” and “Grand Avenue”, and they are all situated across Hong Kong, Kowloon and the New Territories. Among these 9 restaurants, 8 of them are operated by our own whereas 1 of them is operated by a franchisee.

“Marsino” is a Chinese noodle specialist, “Grand Avenue” offers Thai cuisine, and “Baba Nyonya” offers Malaysian cuisine. Each of “Marsino”, “Grand Avenue” and “Baba Nyonya” are founded and operated by our Group except for one of “Baba Nyonya” is operated by a franchisee.

In May 2020, the Group entered a franchise agreement with an independent third party (the “**Franchisee**”) in which the Group has granted a franchise right to the Franchisee to operate a restaurant under the brand name of “**Baba Nyonya**”. In June 2020, the Franchisee opened a new restaurant, namely Tin Shui Wai Baba Nyonya which has been serving Malaysian cuisine since then.

In August 2020, the Group closed down a restaurant under the brand name of “Marsino” at Tuen Mun due to its underperformance as affected by the COVID-19.

## MANAGEMENT DISCUSSION AND ANALYSIS

In October 2020, the Group closed down two restaurants at Tiu Keng Leng under the brand names of “Marsino” and “Grand Avenue” respectively due to their underperformances as affected by the COVID-19.

In March 2021, the Group closed down a restaurant under the brand name of “Baba Nyonya” at Mongkok following the expiry of its lease term.

“Marsino” had recorded revenue of approximately HK\$28.0 million during the year ended 31 March 2021, which is equivalent to 28.7% of our total revenue. As compared to the last corresponding period, “Marsino” has experienced a decrease in revenue by 35.4% mainly due to reduction of number of restaurants and the negative impacts brought by the COVID-19.

“Grand Avenue” had recorded revenue of approximately HK\$28.6 million during the year ended 31 March 2021, which is equivalent to 29.4% of our total revenue. As compared to the last corresponding period, “Grand Avenue” has experienced a decrease in revenue by 26.1% due to reduction of number of restaurant and the negative impacts brought by the COVID-19.

“Baba Nyonya” had recorded revenue of approximately HK\$39.0 million during the year ended 31 March 2021, which is equivalent to 40.0% of our total revenue. As compared to the last corresponding period, “Baba Nyonya” has experienced an increase in revenue by 19.7% due to opening of a new “Baba Nyonya” restaurant at Ngau Tau Kok in November 2019.

In addition to the above restaurants, our Group also operates a central kitchen which supplies raw materials and consumables to our restaurants. We established our central kitchen as early as in 2007, and then we moved to the existing premises due to expansion. Our management believes that our central kitchen can continuously improve the efficiency of our operation.

Since the beginning of this financial year, our Group has started a new business to sell food ingredients to a restaurant group by providing sourcing, storage and logistics services. The segment of sale of food ingredients had recorded revenue of approximately HK\$1.8 million during the year ended 31 March 2021, which is equivalent to 1.9% of our total revenue. As this is a new segment of business, there is no corresponding period in last year.

The cold storage’s business operated by the associate was slowed down due to the COVID-19, but we are still optimistic as to the prospect of the associate due to the fact that Hong Kong has limited number of sizable cold storage operators. Recently, this associate has cooperated with several business partners to launch an online shopping website which is selling household groceries and food and beverage products, as this business is newly launched therefore it takes time to build up customer base and we hope that this could provide another revenue stream towards the cold storage business.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FUTURE PROSPECTS

Looking forward, the business and operation environments of the Group will remain challenging due to the global outbreak of COVID-19, and the dramatic escalation in tensions between China and the US, the overall market is expected to be volatile. The Directors expect that there are still uncertainties and adverse effects on the overall business of our Group with the weak economic conditions in Hong Kong. As a result of the above, in particular the outbreak of the COVID-19 which continues to affect the business operations, the Group therefore adopts a conservative and cautious approach on operating our business. Since the beginning of the outbreak of COVID-19, Hong Kong Government has rolled out measures in several rounds to encourage people staying at home and limit the number of seats provided by the restaurants which has tremendously slashed the income of all the restaurants. On the other hand, the staff costs and food costs are remained relatively high despite of the economic downturn, therefore the Group is facing huge pressure on striking the balance between cost control without sacrificing the qualities of our food and services. Another major cost component for our Group is the rental expenses, and we have been negotiating with our landlords for rent concessions, and some of them agreed to reduce the rent and given the gloomy and uncertain economic future, we will continue to negotiate further rent concessions with our landlords.

To address the current weakness in customer sentiment and unpredictable market conditions, the Group will strengthen its promotional efforts to maintain the Group's competitiveness, including offering promotional menus and launching seasonal products like moon cake, Chinese New Year cakes, rice dumpling and so forth. On the other hand, our Group has entered into an agreement with a restaurant chain to which we are providing sourcing, purchasing and logistics functions, we are confident that this new business could generate positive return to our Group.

Looking ahead, the Group will constantly adjust the business strategies in response to the ever-changing economy and the food and beverage industry, we will also closely monitor and evaluate the performance of each of our restaurants and take a proactive approach such as cost control, to reduce the possible adverse impact brought by the underperformed restaurants to the Group.

## FINANCIAL REVIEW

### Revenue

For the year ended 31 March 2021, the Group recorded revenue of approximately HK\$97.4 million (year ended 31 March 2020: approximately HK\$116.4 million), representing a decrease of 16.3% compared with the same period of the previous financial year. The decrease in revenue was primarily attributed to reduction of the number of our restaurants as well as the severe economic downturn as caused by the COVID-19.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Raw materials and consumables used

The raw materials and consumables used mainly represents the costs of food ingredients and beverages for the operation of the Group's restaurants and central kitchen. The major food ingredients purchased by the Group include, but are not limited to, meat, seafood, frozen food, vegetables and beverages. Raw materials and consumables used is one of the major components of the Group's operating expenses which amounted to approximately HK\$29.2 million and HK\$31.9 million for each of the year ended 31 March 2021 and 2020, respectively, representing approximately 30.0% and 27.4% of the Group's total revenue for the corresponding periods. Such increase was mainly contributed by the increase in additional marketing efforts for sales stimulating measures as well as higher food costs associated with launching new food menu at the initial stage.

## Other gains and losses, net

For the year ended 31 March 2021, the Group recorded other gains of approximately HK\$3.5 million (year ended 31 March 2020: other losses of approximately HK\$10.2 million), representing a net increased by approximately HK\$13.7 million. Such increase was mainly due to the derecognition of right-of-use assets and lease liabilities and the receipt of rent concessions.

## Staff costs

Staff costs was approximately HK\$42.0 million for the year ended 31 March 2021, representing a decrease of approximately 22.8% as compared to approximately HK\$54.4 million for the year ended 31 March 2020. Such decrease was mainly due to reduction of the number of our restaurants and the tightened cost control.

## Depreciation

Depreciation expenses were approximately HK\$24.7 million and HK\$29.3 million for the year ended 31 March 2021 and 2020 respectively. Such decrease was mainly due to reduction of number of our restaurants.

## Rental and related expenses

The rental expenses for the year ended 31 March 2021 amounted to approximately HK\$3.8 million, representing a decrease of approximately 15.4% as compared with that of the year ended 31 March 2020 which amounted to approximately HK\$4.5 million. Such decrease was mainly due to certain short-term lease payment, management fees and promotion levy were waived by landlords due to the COVID-19 and the reduction of number of our restaurants.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Utility expenses

Utility expenses primarily consist of electricity, gas and water supplies of the Group. For the year ended 31 March 2021 and 2020, the total utility expenses amounted to approximately HK\$5.0 million and HK\$6.6 million, respectively.

## Other expenses

The Group's other expenses increased by approximately 38.4% from approximately HK\$10.5 million for the year ended 31 March 2020 to approximately HK\$14.5 million for the year ended 31 March 2021. Such increase was mainly due to the increase in consultancy fee and the commission paid to the food delivery platforms.

## Finance costs

The Group's finance costs represented interest on bank borrowings and interest on lease liabilities after the HKFRS 16 coming into effect in 2019. For the year ended 31 March 2021 and 2020, finance costs were approximately HK\$2.3 million and HK\$3.1 million, respectively. The decrease in finance costs was mainly attributable to the decrease in interest on lease liabilities attributable to the right-of-use assets under HKFRS 16 and the reduction of number of restaurants.

## Profit/(losses) attributable to owners of the Company

For the year ended 31 March 2021, the Group recorded a profit attributable to owners of the Company of approximately HK\$8.6 million, as compared to the loss of approximately HK\$44.5 million for the year ended 31 March 2020. The turnaround from loss to profit was mainly attributable to the receipt of Government subsidies under the Anti Epidemic Fund and decrease in staff costs as a result of implementation of control measures by the Group.

## Dividend

The Board does not recommend any payment of dividend for the year ended 31 March 2021 (2020: Nil).

## FOREIGN CURRENCY EXPOSURE

The Group operates in Hong Kong with significant transactions are denominated in Hong Kong dollars and the Group is not exposed to significant foreign exchange exposure.

## TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

## CAPITAL COMMITMENTS

As at 31 March 2021, the Group did not have any outstanding capital commitment.



# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any material contingent liabilities.

## CHARGE ON GROUP ASSETS

At 31 March 2021, bank loans of HK\$15,000,000 were secured by leasehold land and building owned by the Group with the carrying amount of approximately HK\$29,860,137. The Group had repaid all the bank loans on 25 May 2021.

At 31 March 2020, bank loans of HK\$15,000,000 and bank overdrafts HK\$5,857,000 were secured by the leasehold land and building owned by the Group with the carrying amount of approximately HK\$30,982,000.

## SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Pursuant to the announcements of the Company dated 11 December 2020, 16 December 2020 and 11 June 2021, a direct wholly-owned subsidiary of the Company as the vendor and the purchaser has entered into a provisional agreement for sale and purchase of the entire issued share capital of Access Gear Investment Limited (“AGI”) at the consideration of HK\$21,500,000. AGI is an investment holding company and is directly wholly owned by the vendor. The subsidiaries of AGI includes C M of (Hong Kong) LCC Limited and Wealthy Development (Hong Kong) Limited. C M of (Hong Kong) LCC Limited is principally engaged in investment holding. Wealthy Development (HK) Limited is principally engaged in property investment in Hong Kong. The transaction is expected to be completed on 30 June 2021. Based on the consolidated financial statements of the Group for the year ended 31 March 2021, which was audited by the Company’s auditor, the audited consolidated net asset held for disposal of the disposal group as at 31 March 2021, as set out in note 21 to the consolidated financial statements, was approximately HK\$19,600,000. Therefore, upon the completion of the transaction, the Company is estimated to recognise a gain on disposal of approximately HK\$1,900,000 (instead of HK\$7,893,000 as set out in our announcement dated 11 December 2020 which was based on unaudited financial figures of the disposal group).

Pursuant to the announcements of the Company dated 26 February 2021 and 3 March 2021, an indirect wholly-owned subsidiary of the Company as the vendor has entered into a preliminary sale and purchase agreement with the purchaser for disposal of a property located at Unit 19 on 8/F, Vanta Industrial Centre, Nos. 21-33, Tai Lin Pai Road, Kwai Chung, New Territories at a consideration of HK\$22,000,000. The transaction was subsequently completed on 24 May 2021.

Save as the above, there was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during the year ended 31 March 2021. There is no other plan for material investments or capital assets as at 31 March 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PRINCIPAL RISKS AND UNCERTAINTIES

- 1) As we lease all of the properties for our restaurant operations, any attractive location will likely be subject to high demand from, among others, other food and beverage operators that compete directly with our Group for the same location. As such, there is no assurance that our Group would be able to find suitable premises that are commercially attractive for its restaurants with reasonable commercial terms in the event there is a need for relocation or our Group intends to open new restaurants. In addition, it is uncertain that all our leases can be renewed at all when they expire or on terms acceptable to us. Even if our Group is able to renew or extend its leases, the rental expenses may increase significantly, which could adversely affect our profitability.
- 2) We rely on our central kitchen to supply some of our semi-processed or processed food ingredients used in our restaurants and any disruption of operation at our central kitchen could adversely affect our business and operations.
- 3) If our suppliers fail to deliver food with an acceptable quality or in a timely manner, we may experience supply shortages and increased food costs.
- 4) We require various approvals and licences to operate our business, and the loss of, or failure to, obtain or renew any or all of these approvals and licences, could materially and adversely affect our business.
- 5) Labour shortages or increases in labour costs will increase our Group's operating costs and reduce our profitability.
- 6) Risks related to the spread of coronavirus and other possible infectious disease which may adversely affect the business of the food and beverage sector.

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Ms. Wong Suet Hing (黃雪卿) (“Ms. SH Wong”)**, aged 68, is our Chairlady and an executive Director. She is primarily responsible for overseeing the overall operations and procurement of our Group including but not limited to handling suppliers relationship, approval of procurement, review of stock level and order size and approval on menu changes. Being raised in a family engaging in the food and beverage industry operating a Hong Kong style dai pai dong (大牌檔) (an open-air food stall), Ms. SH Wong is devoted to the food and beverage industry. Ms. SH Wong has nearly 50 years of experience in this industry, since the 1960s when she was working in the dai pai dong known as Sui Yuen (瑞園) in To Kwa Wan. Ms. SH Wong is the mother of Ms. ST Wong. She is also the sister of Mr. Wong Muk Fai Woody (“Mr. MF Wong”) and an aunt of Mr. Ma Sui Hong (“Mr. SH Ma”).

**Ms. Wong Sau Ting Peony (王秀婷) (“Ms. ST Wong”)**, aged 46, is our Chief Executive Officer and an executive Director. She is primarily responsible for and works with Ms. SH Wong to oversee our Group’s overall operations, strategic direction and business development. Ms. ST Wong graduated from The Chinese University of Hong Kong with a degree in bachelor of social science in May 1997 and a degree in master of business administration which was a distance learning course organised by University of South Australia in September 2005. Ms. ST Wong is the daughter of Ms. SH Wong. She is also the niece of Mr. MF Wong and cousin of Mr. SH Ma.

**Mr. Wong Chi Chiu Henry (黃智超) (“Mr. Wong”)**, aged 45, is our executive Director. He is primarily responsible for overseeing our Group’s overall financial accounting and reporting matters. Mr. Wong received a bachelor’s degree in business administration from Acadia University, Canada in August 1999 and obtained a master degree in business administration from The Hong Kong Polytechnic University in August 2008. He is a qualified member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Ng Yau Kuen Carmen (吳幼娟) (“Ms. Ng”)**, aged 45, was appointed as an independent non-executive Director on 29 January 2018. She had worked at PricewaterhouseCoopers for approximately 13 years in the Financial Services Assurance Department. Since leaving PricewaterhouseCoopers, she has been a practicing certified public accountant. Ms. Ng obtained a bachelor’s degree of business administration from the Chinese University of Hong Kong in May 1998, a master’s degree of business administration and a master’s degree of laws in corporate and financial law from the Hong Kong University of Science and Technology in November 2007 and the University of Hong Kong in November 2013, respectively. Since October 2017, Ms. Ng has been a fellow member of the Hong Kong Institute of Certified Public Accountants and she is currently the managing partner of Cypress Certified Public Accountants.

Ms. Ng is currently an independent non-executive director of Get Nice Financial Group Limited (stock code: 1469), the issued shares of which are listed on the Main Board of the Stock Exchange, an independent non-executive director of Flat Glass Group Company Limited (stock code: 6865), the issued shares of which are listed on the Main Board of the Stock Exchange, and an independent director of IEV Holdings Limited, the issued shares of which are listed on Singapore Exchange.

## DIRECTORS AND SENIOR MANAGEMENT

**Mrs. Cheung Lau Lai Yin Becky** (張劉麗賢) (“Mrs. Cheung”), aged 61, was appointed as an independent non-executive Director on 29 January 2018. Mrs. Cheung has over 30 years food safety and operation experience in catering, food retail, research and development, distribution and manufacturing industry in England, Hong Kong and China. She was an assistant food technologist in British Home Stores, England between July 1983 and February 1984, an assistant scientific officer at Flour Milling Baking Research Association, England in February to August 1984, a quality control and product development manager at Kenyons Fine Foods Ltd, England between October 1986 and July 1987, a technical manager at St Ivel Limited from August 1987 to May 1991, managing director and principal trainer at Best Key Food Hygiene Consultants, England from June 1991 to May 1994. Since 1983, Mrs. Cheung has been working in food safety related areas in England and Hong Kong. She is the chief executive officer of Best Key Consultants since 2007. Mrs. Cheung is currently the chairman of International Food Safety Association, and has served as a lecturer at both The University of Hong Kong and Hong Kong Baptist University. She obtained a bachelor degree in food science from the London South Bank University, United Kingdom in July 1985 and a postgraduate diploma in management studies from the University of Westminster, United Kingdom in October 1986. She was elected as a member of the Institute of Food Science & Technology (UK) in 1991 and a fellow member of Royal Society of Health in 1991 and a fellow member of the Royal Society for Public Health in 2011. She is a voting member and a registered trainer of The Chartered Institute of Environmental Health since 2011.

**Mr. Yu Ronald Patrick Lup Man** (余立文) (“Mr. Yu”), aged 50, was appointed as an independent non-executive Director on 29 January 2018. He is the Chairman of the Nomination Committee and a member of Audit Committee and Remuneration Committee of the Company. Mr. Yu has over 20 years of experience in accounting, investment banking, and private equity investments. Mr. Yu holds a Bachelor of Informatics degree from Griffith University, Australia and a Master degree of Professional Accounting with University of Queensland, Australia. He is a fellow member of CPA Australia and fellow member of Hong Kong Institute of Certified Public Accountants. Mr. Yu is currently an independent non-executive director of Homeland Interactive Technology Ltd. (stock code: 3798), the issued shares of which are listed on the Main Board of the Stock Exchange.

### SENIOR MANAGEMENT

**Mr. Cheung Shing Kang** (張成耕) (“Mr. SK Cheung”), aged 64, joined our Group on 1 July 2017 as Business Development Manager is mainly responsible for developing restaurant operations for us. Mr. SK Cheung has nearly 37 years of experience in the food and beverage industry with well-known brands such as Beppu Group (formerly known as Beppu Menkan Management Limited), Kowloon Shangri-La Hotel and Cathay Pacific Catering (HK) Limited. He was a Demi Chef de Partie of Nadaman restaurant at the Kowloon Shangri-La Hotel from 1995 to 1996. Prior to joining our Group, Mr. SK Cheung had been working for 15 years as the executive chef of Beppu Group, a group of Japanese style casual dining full-service chain restaurants. While Mr. SK Cheung was the executive chef of Beppu Group, he was responsible for overseeing the operation of the Japanese ramen restaurants.

**Ms. Wong Suet Ching** (黃雪貞) (“Ms. SC Wong”), aged 62, is our controlling shareholder and joined our Group on 10 September 2014 as food factory assistant and promoted to food factory manager at April 2017. She is mainly responsible for the operation of our central kitchen. Ms. SC Wong has over 40 years of experience in the food and beverage industry earned from running cha chaan teng with her husband prior to joining our Group. Ms. SC Wong is the sister of Ms. SH Wong and Mr. MF Wong and aunt of Ms. ST Wong and Mr. SH Ma.

# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

The Board and the senior management of the Company is committed to achieving high standards of corporate governance by emphasising transparency, accountability, fairness and responsibility. The Company has adopted the Corporate Governance Code (the “Code”) as set out in Appendix 15 to the GEM Listing Rules throughout the year ended 31 March 2021 and complied with all applicable code provisions under the Code throughout the year. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the Code.

## BOARD OF DIRECTORS

Details of the composition of the Directors during the year and up to the date of this report by category are as follows:

### **Executive Directors:**

Ms. Wong Suet Hing (*Chairlady*)

Ms. Wong Sau Ting Peony (*Chief Executive Officer*)

Mr. Wong Muk Fai Woody (*Retired on 24 September 2020*)

Mr. Ma Sui Hong (*Resigned on 9 February 2021*)

Mr. Wong Chi Chiu Henry

### **Independent Non-Executive Directors:**

Ms. Ng Yau Kuen Carmen

Mrs. Cheung Lau Lai Yin Becky

Mr. Yu Ronald Patrick Lup Man

All Directors possess broad experience or appropriate professional qualification as well as well-equipped industry knowledge. The Board as a whole has maintained an appropriate balance of skills and experiences. Biographical details of the Directors are set out in the section of “**Directors and Senior Management**” of this annual report (“**Annual Report**”).

The composition of the Board is in accordance with the requirement of Rules 5.05 and 5.05A of the GEM Listing Rules. There are three independent non-executive Directors and two of them have accounting professional qualification. More than one-third of the members of the Board are independent non-executive Directors, which brings a fairly strong independence element in its composition.

## CHAIRMAN AND CHIEF EXECUTIVE

According to A.2.1 of the Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the year, Ms. SH Wong, the chairlady of the Company, is responsible for overseeing the overall operations and procurement of the Group. While our chief executive officer, Ms. ST Wong has a clear distinction of responsibilities and she works together with the other executive Directors and senior management to be responsible for day-to-day operations of the Group and different aspects of the business.

# CORPORATE GOVERNANCE REPORT

## BOARD DIVERSITY

The Board has adopted a board diversity policy on 31 December 2018 which sets out the approach to achieve diversity on the Board.

Selection of candidates will be based on a range of factors, including diversity in gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and independence.

The final decision will be based on merit and contribution that the selected candidates will bring to the Board. For further details, please refer to the board diversity policy published on the Company's website.

The Nomination Committee has reviewed the structure, size, composition and diversity of the Board and confirmed that the Company has maintained a balanced composition with a strong independent element on the Board. The Directors collectively possess diversified experience in management and broad industrial experience. Three independent non-executive Directors possess professional knowledge in accounting and finance, food safety expertise and business management, respectively. Further details of the Directors are set out in the section headed "Directors and Senior Management" in this report.

## INDEPENDENT NON-EXECUTIVE DIRECTORS ("INEDS")

The INEDs serve a critical function of advising the management on strategy development and ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interests of the shareholders and the Company as a whole.

The INEDs are all experienced with expertise in different areas of finance, accounting, industry knowledge and expertise. With their professional knowledge and experience, the INEDs advise the Company on its operation and management; provide independent advice; and participate in the Company's different committees including Audit Committee, Nomination Committee and Remuneration Committee. Each of the independent non-executive Directors has made annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent.

All of the Directors including both the executive Directors and the INEDs are appointed for a specific term. Each of the INEDs has entered into a letter of appointment with the Company for a period of three years subject to the rotation requirement and shall continue thereafter unless terminated by either party giving at least three months' notice in writing. In accordance with the Company's Articles of Association and, at each Annual General Meeting ("AGM") of the Company, one-third of the Directors will retire from office by rotation but will be eligible for re-election.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings. Having made specific enquiries to all the Directors and all the Directors had confirmed they have complied with the required standard of dealings and the code of conduct for directors' securities transactions during the year ended 31 March 2021.

# CORPORATE GOVERNANCE REPORT

## NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

Pursuant to the deed of non-competition dated 29 January 2018 (“**Deed of Non-Competition**”) entered into by Marvel Jumbo Limited (“**MJL**”), Ms. SH Wong, Ms. ST Wong, Ms. Chow Lai Fan (“**Ms. LF Chow**”), Ms. SC Wong and Mr. SH Ma (collectively, the “**Controlling Shareholders**”), each of our Controlling Shareholders have jointly and severally, irrevocably and unconditionally undertaken to and covenanted with our Company (for ourselves and for the benefit of our subsidiaries) that during the continuation of the Deed of Non-Competition he/she/it shall not, and shall procure that his/her/its close associates (other than any member of our Group) not to, whether on his/her/its own account or in conjunction with or on behalf of any person, firm or company, whether directly or indirectly, carry on a business, or be interested or involved or engaged in or acquire or hold any right or interest, or otherwise involved in (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise and whether for profit, reward or otherwise) any business, which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to the operation of restaurants in Hong Kong and any other country or jurisdiction).

The Company has received an annual declaration from each of the Controlling Shareholders confirming that they complied with the undertakings for the year ended 31 March 2021. The Controlling Shareholders also confirmed in the said annual declaration that none of them had any interest in a business, other than business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 March 2021.

The following corporate governance measures have been adopted to monitor the compliance of the Deed of Non-Competition for the year ended 31 March 2021:

- (i) the Controlling Shareholders had procured the INEDs to review, on an annual basis, the compliance with the non-competition undertakings by the Controlling Shareholders under the Deed of Non-Competition;
- (ii) the Controlling Shareholders had promptly provided all information requested by the Company which is necessary for the annual review by the INEDs and the enforcement of the Deed of Non-Competition;
- (iii) the Controlling Shareholders had provided to the Company a written confirmation relating to the compliance of the Deed of Non-Competition and declared that they had complied with the Deed of Non-Competition for the year ended 31 March 2021; and
- (iv) the INEDs, having reviewed the relevant information and the written confirmation provided by the Controlling Shareholders, decided that the undertakings in respect of the Deed of Non-Competition had been duly enforced and complied with by the Controlling Shareholders for the year ended 31 March 2021.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 March 2021, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## DELEGATION BY THE BOARD

The Board reserves its decisions on all major matters of the Company, including the approval and monitoring of major policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer, the other executive Directors and the senior management. The delegated work tasks are reviewed periodically. Approval has to be obtained from the Board prior to any significant transactions occurred. The INEDs bring a wide range of business and expertise, independent judgement and experiences to the Board.

## CORPORATE GOVERNANCE FUNCTION

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

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

- (i) Developing and reviewing the Company's policies and practices on corporate governance;
- (ii) Reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (iii) Reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) Developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors;
- (v) Reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report; and
- (vi) Developing, reviewing and monitoring the implementation of the shareholders' communication policy to ensure its effectiveness, and make recommendation to the Board where appropriate to enhance shareholders' relationship with the Company.

During the year, the above corporate governance duties have been duly performed and executed by the Board and the Board has reviewed the Company's compliance with the Code.



# CORPORATE GOVERNANCE REPORT

## INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has continuously provided relevant training materials to the Directors. Directors participated in courses relating to roles, functions and duties of a listed company director or further enhancement of their professional development by the way of attending training courses or reading relevant materials.

According to the information provided by the Directors, a summary of training received by the Directors throughout the year ended 31 March 2021 is as follows:

<b>Name of Directors</b>	<b>Continuous professional development programmes</b>
<i>Executive Directors</i>	
Ms. Wong Suet Hing ( <i>Chairlady</i> )	Yes
Ms. Wong Sau Tine Peony	Yes
Mr. Wong Muk Fai Woody (Retired on 24 September 2020)	N/A
Mr. Ma Sui Hong (Resigned on 9 February 2021)	N/A
Mr. Wong Chi Chiu Henry	Yes
<i>Independent non-executive Directors</i>	
Ms. Ng Yau Kuen Carmen	Yes
Mrs. Cheung Lau Lai Yin Becky	Yes
Mr. Yu Ronald Patrick Lup Man	Yes

The nature of continuous professional development programmes are reading seminar materials and updates relating to the latest development of the GEM Listing Rules and other applicable regulatory requirements.

# CORPORATE GOVERNANCE REPORT

## BOARD MEETINGS

The Board meets regularly, and at least four times a year, in person or by telephone or by means of electronic communication. The Chairlady also meets with the INEDs at least once a year without the presence of the executive Directors. Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For all other Board and committee meetings, reasonable notice is generally given. All notices, agendas, schedules and the relevant information of each Board and committee meeting are generally made available to Directors or committee members in advance. The Board and each Director also have separate and independent access to the management whenever necessary.

The company secretary of the Company or the secretary to the board committees is responsible for taking and/or keeping minutes of all Board meetings and various committees' meetings in sufficient detail. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting is held, and the final version of the minutes is opened for Director's inspection.

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

<b>Name of Directors</b>	<b>General Meeting Attended/Held</b>	<b>Board Meeting Attended/Held</b>
<i>Executive Directors</i>		
Ms. Wong Suet Hing ( <i>Chairlady</i> )	1/1	8/8
Ms. Wong Sau Tine Peony	1/1	8/8
Mr. Wong Muk Fai Woody (Retired on 24 September 2020)	N/A	N/A
Mr. Ma Sui Hong (Resigned on 9 February 2021)	1/1	5/5
Mr. Wong Chi Chiu Henry	1/1	8/8
<i>Independent non-executive Directors</i>		
Ms. Ng Yau Kuen Carmen	0/0	8/8
Mrs. Cheung Lau Lai Yin Becky	0/0	8/8
Mr. Yu Ronald Patrick Lup Man	0/0	8/8

## INDEPENDENT BOARD COMMITTEE

Where there are matters involving connected or continuing connected transactions, so far as required under the GEM Listing Rules, an Independent Board Committee, comprising wholly the INEDs, will be established.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

The Board has established three committees, including the Remuneration Committee, the Nomination Committee and the Audit Committee with delegated powers for overseeing particular aspects of the Company's affair. Each of the committees of the Company has been established with written terms of reference.

## REMUNERATION COMMITTEE

The Remuneration Committee was set up on 29 January 2018 in compliance with Appendix 15 of the GEM Listing Rules. The terms of reference setting out the Remuneration Committee's authority, duties and responsibilities are available on both the website of the Stock Exchange and the Company's website.

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

The Remuneration Committee will hold at least one meeting during the year. The members will review the remuneration package of Directors and the senior management of the Company.

The Remuneration Committee comprises five members namely:

Mrs. Cheung Lau Lai Yin Becky (*Chairlady*)

Ms. Ng Yau Kuen Carmen

Mr. Yu Ronald Patrick Lup Man

Ms. Wong Suet Hing

Ms. Wong Sau Ting Peony

Majority of the members are independent non-executive Directors.

# CORPORATE GOVERNANCE REPORT

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

<b>Name of Directors</b>	<b>Remuneration Committee Meeting Attended/Held</b>
<i>Independent non-executive Directors</i>	
Mrs. Cheung Lau Lai Yin Becky ( <i>Chairlady</i> )	2/2
Ms. Ng Yau Kuen Carmen	2/2
Mr. Yu Ronald Patrick Lup Man	2/2
<i>Executive Directors</i>	
Ms. Wong Suet Hing	2/2
Ms. Wong Sau Tine Peony	2/2

Details of the Directors' remuneration are set out in note 11 to the consolidated financial statements.

## NOMINATION COMMITTEE

The Company has established a Nomination Committee on 29 January 2018 for making recommendations to the Board on appointment of Directors and succession planning for the Directors. On 31 December 2018, the Company adopted a set of revised terms of reference of the Nomination Committee in line with the GEM Listing Rules requirement. The terms of reference setting out the Nomination Committee's authority, duties and responsibilities are available on both the website of the Stock Exchange and the Company's website.

The principal duties of the Nomination Committee include reviewing the Board structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service); make recommendations on any proposed changes to the Board to implement the Company's corporate strategy; identify and nominate appropriate candidates to fill vacancies of Directors for the Board's approval; assess the independence of the INEDs and review the board diversity policy. The nomination procedures are set out as follows:

1. The secretary of the Nomination Committee shall call a meeting and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.
2. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

## CORPORATE GOVERNANCE REPORT

3. Until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.
4. In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, and to invite nominations from shareholders, a circular will be sent to shareholders. The circular will set out the lodgment period for shareholders to make the nominations. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to shareholders.
5. A shareholder can serve a notice to the company secretary within the lodgement period of its intention to propose a resolution to elect a certain person as an INED, without the Board's recommendation or the Nomination Committee's nomination, other than those candidates set out in the shareholder circular. The particulars of the candidates so proposed will be sent to all shareholders for information by a supplementary circular.
6. A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the company secretary.
7. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.
8. As there may be more candidates than the vacancies available, and the "gross-vote" method will be used to determine who shall be elected as an INED, shareholder proposed resolutions shall therefore take the same form as the resolutions proposed for the candidates recommended by the Board.

Currently, the Nomination Committee comprises five members namely:

Mr. Yu Ronald Patrick Lup Man (*Chairman*)

Mrs. Cheung Lau Lai Yin Becky

Ms. Ng Yau Kuen Carmen

Ms. Wong Suet Hing

Ms. Wong Sau Ting Peony

Majority of the members are independent non-executive Directors.

Pursuant to the terms of reference of the Nomination Committee, meeting shall be held at least once a year and additional meetings should be held if the committee shall so request.

# CORPORATE GOVERNANCE REPORT

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

<b>Name of Directors</b>	<b>Nomination Committee Meeting Attended/Held</b>
<i>Independent non-executive Directors</i>	
Mr. Yu Ronald Patrick Lup Man ( <i>Chairman</i> )	1/1
Mrs. Cheung Lau Lai Yin Becky	1/1
Ms. Ng Yau Kuen Carmen	1/1
<i>Executive Directors</i>	
Ms. Wong Suet Hing	1/1
Ms. Wong Sau Tine Peony	1/1

## AUDIT COMMITTEE

The Company has established an Audit Committee on 29 January 2018 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. On 31 December 2018, the Company adopted a set of revised terms of reference of the Audit Committee in line with the GEM Listing Rules requirement. The terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on both the website of the Stock Exchange and the Company's website. The primary duties of the Audit Committee are mainly to:

- Make recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor
- Review the adequacy of the Group's policies and systems regarding risk management and internal controls
- Review the financial reporting principles and practices applied by the Group in preparing its financial statements
- Before audit commencement, review external auditor's independence, objectivity, effectiveness of the audit process and the scope of the external audit, including the engagement letter
- Monitor integrity of the Group's financial statements and the annual, quarterly and interim financial reports, and review significant financial reporting judgements contained in them prior to approval by the Board

# CORPORATE GOVERNANCE REPORT

Currently, the Audit Committee comprises three INEDs as follows:

Ms. Ng Yau Kuen Carmen (*Chairlady*)

Mr. Yu Ronald Patrick Lup Man

Mrs. Cheung Lau Lai Yin Becky

Pursuant to the terms of reference of the Audit Committee, meetings shall be held not less than four times per year and additional meetings should be held as the work of the Committee demands. During the year ended 31 March 2021, the Audit Committee convened 6 committee meetings. The Audit Committee attended the audit committee planning meeting with the auditors, reviewed the Group's annual results and annual report for the year ended 31 March 2020, first quarterly results for the three months ended 30 June 2020, interim results for the six months ended 30 September 2020, and third quarterly results for the nine months ended 31 December 2020. The Audit Committee also discussed internal controls, risk management, financial reporting and change of auditor matters. Attendance of each Audit Committee member is set out below:

<b>Name of Directors</b>	<b>Audit Committee Meeting Attended/Held</b>
<i>Independent non-executive Directors</i>	
Ms. Ng Yau Kuen Carmen ( <i>Chairlady</i> )	6/6
Mr. Yu Ronald Patrick Lup Man	6/6
Mrs. Cheung Lau Lai Yin Becky	6/6

All the members are independent non-executive Directors (including two independent non-executive Directors who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors. The Group's consolidated financial statements for the year ended 31 March 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2021 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, major business developments, corporate governance and other material information), to enable the shareholders and the potential investors to make an informed decision on their investments in the shares and other securities of the Company, and to actively participate in the activities organised by the Company for them.

# CORPORATE GOVERNANCE REPORT

The Company has established several channels to communicate with the shareholders as follows:

- 1) The Company communicates with the shareholders and the potential investors through various channels, including financial reports (annual, half-yearly and quarterly reports), annual general meetings and extraordinary general meetings, announcements and circulars;
- 2) The Company will monitor and review regularly the process of its general meeting and, where necessary, make appropriate changes to ensure that shareholders' needs are best served;
- 3) Board members, in particular, either the chairmen or deputy chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer the shareholders' questions;
- 4) Information published by the Company pursuant to the GEM Listing Rules will be made available on the website of the Stock Exchange [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website [www.simplicityholding.com](http://www.simplicityholding.com) (such as its history and developments, products and services, awards and achievements etc) to enable the shareholders and the potential investors to have better understanding of the Company and its latest development;
- 5) The Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

Since 26 February 2018 (being the "**Listing Date**"), there was no change to the Company's Articles of Association.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Company does not have an internal audit department and is currently of the view that there is no immediate need to set up an internal audit department within the Group in light of the size, nature and complexity of the business of the Group. The Board has overall responsibility for formulation and overseeing the implementation of the internal control measures and effectiveness of risk management system, which is designed to provide reasonable assurance regarding the achievement of objectives, safeguard assets against unauthorised use or misappropriation, ensure maintaining proper accounting records for the provision of reliable financial information for internal use or publication, execution with appropriate authority and to ensure compliance of the relevant laws and regulations. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The Board understands that no one system will preclude all errors and irregularities.



# CORPORATE GOVERNANCE REPORT

The Board reviews the effectiveness of the Group's material internal controls and considers the Group's internal control system is designed to manage reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties. The Board is of the view that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate and sufficient. Based on information furnished to it and on its own observations, the Board is satisfied with present internal controls of the Group.

The Company maintains a framework for the handling and dissemination of inside information and the disclosure policy of the framework sets out the procedures and internal controls to ensure inside information remains confidential until such information is appropriately disclosed and the announcement of such information is made in a timely manner in compliance with the GEM Listing Rules.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance.

The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements of the Group for the year ended 31 March 2021, the Directors are responsible for maintaining proper accounting records which reflect with reasonable accuracy the state of affairs, operating results, cash flows and equity movement of the Group at any time. The Directors confirm that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

# CORPORATE GOVERNANCE REPORT

## AUDITOR'S REMUNERATION

The Group's independent external auditor is Elite Partners CPA Limited ("**Elite Partners**"). The remuneration for the audit and non-audit services provided by Elite Partners to the Group during the year ended 31 March 2021 was approximately as follows:

<b>Type of Services</b>	<b>Amount</b> <i>HK\$'000</i>
Audit	650
Non-audit services	—
Total	<u>650</u>

## COMPANY SECRETARY

Mr. Wong Chi Chiu Henry was appointed as our company secretary, is responsible for ensuring that Board's procedures are followed and facilitating communications among Directors as well as with shareholders and management. During the year ended 31 March 2021, Mr. Wong has undertaken no less than 15 hours of relevant professional training, which met the requirements of Rule 5.15 of the GEM Listing Rules.

## DIVIDEND POLICY

The Company has adopted a dividend policy on 31 December 2018 which sets out the principles and measures on how the Company may propose a dividend.

The Board will take into account the following factors when considering the payment of dividends:

- (a) the Company's actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Group;
- (c) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;
- (d) any restrictions on payment of dividends that may be imposed by the Group's contracting parties;
- (e) the Group's expected working capital requirements and future expansion plans;
- (f) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- (g) any other factors that the Board may deem appropriate.

Any declaration and payment of future dividends under the dividend policy will be subject to the Board's determination that the same would be in the best interests of the Group and the shareholders of the Company as a whole. In addition, the declaration and payment of dividends may be subject to legal restrictions or any applicable laws, rules and regulations and the Articles of Association of the Company.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS

### Procedures for shareholders to convene an extraordinary general meeting

To safeguard shareholders' interests and rights, a separate resolution is proposed for each issue at shareholder meetings, including the election of individual directors.

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

Pursuant to the Articles of Association of the Company which provides the extraordinary general meetings should be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at the times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### Enquiries to the Board

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

### Putting forward proposals at a general meeting

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

## SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

The Company has not made any significant change to its constitutional documents during the year. A consolidated version of the Company's constitutional documents is available on the Company's website and the website of the Stock Exchange.

## CONCLUSION

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

# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 38 to the consolidated financial statements. The principal activities of the Group are restaurant operations.

## BUSINESS REVIEW

The business review of the Group, including a discussion of the principal risks and uncertainties facing by the Group, an indication of likely future developments in the Group's business, and an analysis using financial key performance indicators is set out in the section headed "Management Discussion and Analysis" on pages 10 to 16 of this Annual Report. Those discussions form part of this Directors' Report.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2021 and the financial position of the Group as at that date is set out in the consolidated financial statements on pages 56 to 117.

The Directors did not recommend the payment of any dividend in respect of the year ended 31 March 2021.

As at the date of this report, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

## FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group is set out on page 8 of the Annual Report.

## CAPITAL STRUCTURE

The shares of the Company were listed on GEM of the Stock Exchange on the Listing Date. Saved as disclosed in the paragraph headed "2020 Placing" below, there has been no change in the capital structure of the Group since then. The capital of the Group only comprised of ordinary shares.

# DIRECTORS' REPORT

## Financial Resources and Liquidity

As at 31 March 2021, current assets amounted to approximately HK\$53.9 million (as at 31 March 2020: approximately HK\$8.9 million), of which approximately HK\$12.8 million (as at 31 March 2020: approximately HK\$3.0 million) was bank balances and cash, approximately HK\$9.2 million (as at 31 March 2020: approximately HK\$2.4 million) was trade and other receivables, deposits and prepayments. The Group's current liabilities amounted to approximately HK\$35.9 million (as at 31 March 2020: approximately HK\$55.1 million) which primarily consisted of bank borrowings, trade and other payables, and lease liabilities. Current ratio (calculated based on the total current assets divided by total current liabilities) and quick ratio (calculated based on the total current assets less inventories divided by total current liabilities) were 1.5 and 1.5 respectively (as at 31 March 2020: 0.2 and 0.1 respectively). Gearing ratio is calculated based on the borrowings representing the sum of interest-bearing bank borrowings and amounts due to related parties which are non-trade nature divided by total equity at the end of the year and multiplied by 100%. Gearing ratio was 38.7% (as at 31 March 2020: 95.2%).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this Annual Report, the Group did not have other plans for material investments or capital assets as of 31 March 2021.

## COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business plan as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 March 2021 is set out below:

### Business Strategies

#### as stated in the Prospectus

Expansion of restaurant network

#### Business plan as stated in the Prospectus

– Opening of one new Grand Avenue restaurant

#### Actual business progress up to the date of this report

– We have re-allocated the resources towards the opening of a Malay cuisine restaurant as set out in the announcement of the Company dated 18 April 2019 (the “**18 April 2019 Announcement**”) and this Malay restaurant was subsequently opened in November 2019

# DIRECTORS' REPORT

## Business Strategies as stated in the Prospectus

### Business plan as stated in the Prospectus

### Actual business progress up to the date of this report

	<ul style="list-style-type: none"> <li>– Opening of four new Japanese ramen restaurants</li> <li>– Opening of one new Marsino restaurant</li> </ul>	<ul style="list-style-type: none"> <li>– Two Japanese ramen restaurants were opened in May 2018 and in July 2018 respectively. We have re-allocated the remaining unutilised balances towards the Group's loan to an associate as set out in the 18 April 2019 Announcement (<i>Note</i>)</li> <li>– We have opened a new Marsino restaurant at Chai Wan in November 2018</li> </ul>
Expanding the capacity of our central kitchen to support our business expansion plans	<ul style="list-style-type: none"> <li>– Expanding our central kitchen storage facilities</li> </ul>	<ul style="list-style-type: none"> <li>– We have partially expanded the central kitchen by purchasing new equipment and renting additional storage facilities. We have re-allocated the remaining unutilised balances towards the Group's loan to an associate as set out in the 18 April 2019 Announcement</li> </ul>
Upgrading our computer system	<ul style="list-style-type: none"> <li>– Integrating our existing POS systems, installing a new human resources management system and purchasing new computer accessories, software and necessary licences</li> </ul>	<ul style="list-style-type: none"> <li>– We have implemented a new human resources management system as well as upgrading some new computer hardware, software and necessary licences</li> </ul>
Implementing marketing and promotional initiatives	<ul style="list-style-type: none"> <li>– For continuous promotional and branding activities</li> </ul>	<ul style="list-style-type: none"> <li>– We have launched different marketing and promotional activities such as working with social media companies, shopping mall operators, credit card company and electric company to promote our brands and restaurants.</li> </ul>

*Note:* These two Japanese ramen restaurants were closed down subsequently in January 2019 and in June 2019 respectively.

# DIRECTORS' REPORT

## USE OF PROCEEDS FROM THE IPO

The Company's shares were listed on the GEM of the Stock Exchange on 26 February 2018. A total of 200,000,000 new shares with nominal value of HK\$0.01 each of the Company were issued at HK\$0.275 per share for a total of approximately HK\$55.0 million (the "IPO"). The net proceeds raised by the Company from the IPO were approximately HK\$32.6 million (the "IPO Proceeds").

On 18 April 2019, the Board resolved to change the use of the IPO Proceeds. Details of the original allocation of the IPO Proceeds, the revised allocation of the IPO Proceeds, the utilisation of the IPO Proceeds up to 18 April 2019 and the remaining unutilised balance after the revised allocation of the IPO Proceeds were set out in the 18 April 2019 Announcement.

	<b>Revised allocation of IPO Proceeds as disclosed in the 18 April 2019 Announcement</b>	<b>Utilised IPO Proceeds up to 31 March 2021</b>	<b>Unutilised IPO Proceeds up to 31 March 2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Opening of one new Marsino Restaurant	4,400	4,400	–
Opening of 4 new Japanese ramen restaurants	10,060	10,060	–
Expansion of central kitchen storage facilities	1,543	1,543	–
Upgrade of computer system	1,300	1,300	–
Marketing and promotional activities	1,000	1,000	–
General working capital	500	500	–
Opening of one new Malay cuisine restaurant	4,400	4,400	–
Capital contribution to an associate	9,397	9,397	–
	<b>32,600</b>	<b>32,600</b>	<b>–</b>

The IPO Proceeds had been fully utilised as at 30 September 2020 and in accordance with the revised allocation of IPO Proceeds as disclosed in the 18 April 2019 Announcement.

# DIRECTORS' REPORT

## USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE (THE "2020 PLACING")

### 2020 Placing

On 16 October 2020, the Company entered into the Placing Agreement as supplemented by a supplemental agreement dated 20 October 2020 (collectively, the "Placing Agreements") with the placing agent, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 160,000,000 placing shares (the "Placing Shares"), to not less than six Placees who and whose ultimate beneficial owners shall be independent third parties at a price of HK\$0.052 per Placing Share. The Placing Shares were allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 24 September 2020. All the conditions precedent under the Placing Agreements have been fulfilled and completion of the Placing Agreements took place on 2 November 2020. For details of the 2020 Placing, please refer to the announcements of the Company dated 16 October 2020, 20 October 2020 and 2 November 2020. The net proceeds from the 2020 Placing are approximately HK\$8,150,000 which is intended to be used as general working capital of the Group.

The following table sets forth the status of use of proceeds from the 2020 Placing:

	Utilised net proceeds from the 2020 Placing as at 31 March 2021 <i>HK\$'000</i>	Unutilised net proceeds from the 2020 Placing as at 31 March 2021 <i>HK\$'000</i>	Expected timeline for net proceeds from the 2020 Placing to be fully utilised
General working capital of the Group	8,150	1,635	By December 2021
Total	8,150	1,635	

All unutilised proceeds from the 2020 Placing have been placed in licenced banks in Hong Kong.



# DIRECTORS' REPORT

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 27 to the consolidated financial statements.

## RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 59 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES

As at 31 March 2021, the Company had distributable reserves of approximately HK\$29.2 million (as at 31 March 2020: HK\$13.9 million).

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No director or a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

## DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of the Company's subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Scheme" below, no equity-linked agreements were entered into by the Company during the year ended 31 March 2021.

# DIRECTORS' REPORT

## SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted in compliance with Chapter 23 of the GEM Listing Rules by the written resolutions of our shareholders passed on 29 January 2018. The following summary does not form, nor is intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme. In this paragraph “**Options**” means the options to be granted by our Company pursuant to the terms and conditions of the Share Option Scheme.

### (a) Purpose

The purpose of the Share Option Scheme is for our Group to attract, retain and motivate talented Participants (as defined in paragraph (b) below) to strive for future developments and expansion of our Group. The Share Option Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of our Group and allow the Participants to enjoy the results of our Company attained through their efforts and contributions.

### (b) Scope of Participants and eligibility of Participants

The Board may, at its discretion, invite:

- (i) any executive or non-executive Director including any independent non-executive Director or any employee (whether full-time or part-time) of any member of our Group;
- (ii) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of our Group;
- (iii) any adviser or consultant (in the areas of legal, technical, financial or corporate management) to our Group;
- (iv) any provider of goods and/or services to our Group; or
- (v) any other person who the Board considers, in its sole discretion, has contributed to our Group to take up Options (together, the “**Participants**”)

### (c) Subscription price

The subscription price for the shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Participant and shall be no less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Option is granted; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date on which an Option is granted; and (iii) the nominal value of a share on the date of the offer.

# DIRECTORS' REPORT

## **(d) Acceptance of an offer of Options**

Offer of an Option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the Option duly signed by the grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company within 28 days from the date of the offer.

## **(e) Maximum number of shares available for subscription**

- (i) Subject to (iv) below, the total number of shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed 10% of the total number of the shares in issue as at the Listing Date, unless our Company obtains an approval from its shareholders pursuant to (ii) below.
- (ii) Subject to (iv) below, our Company may seek approval from its shareholders in general meeting for refreshing the 10% limit set out in (i) above such that the total number of shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of our Company under the limit as refreshed shall not exceed 10% of the total number of the shares in issue as at the date of approval to refresh such limit.
- (iii) Subject to (iv) below, our Company may seek separate approval from our shareholders in general meeting for granting Options beyond the 10% limit provided that the Options granted in excess of such limit are granted only to the Participants are specially approved by the shareholders in general meeting and the Participants are specifically identified by our Company before such approval is sought. In such case, our Company shall send a circular to our shareholders containing the information required under the GEM Listing Rules.
- (iv) Notwithstanding any other provisions of the Share Option Scheme, the maximum number of shares in respect of which Options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% (or such higher percentage as may be allowed under the GEM Listing Rules) of the total number of shares in issue from time to time. No Options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such limit being exceeded.

# DIRECTORS' REPORT

## **(f) Maximum entitlement of shares of each Participant**

- (i) Subject to paragraph (ii) below, the total number of shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (ii) Notwithstanding (i) above, any further grant of Options to a Participant in excess of the 1% limit shall be subject to approval by our Shareholders in general meeting with such Participant and his or her close associates (or his or her associates if such Participant is a connected person) abstaining from voting. The number and the terms of the Options to be granted to such Participant shall be fixed before our Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date for grant for the purpose of calculating the subscription price.

## **(g) Grant of Options to connected persons**

- (i) Any grant of Options to a Participant who is a Director, chief executive or substantial shareholder of our Company or their respective associates must be approved by our independent non-executive Directors (excluding independent non-executive Director who is the Participant).
- (ii) Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, and such Option which if exercised in full, would result in the shares issued and to be issued upon exercise of all Options granted and to be granted (including Options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the date of such grant:
  - (1) representing in aggregate more than 0.1% of the relevant class of securities of our Company in issue on the date of such grant; and
  - (2) having an aggregate value, based on the closing price of the shares as at the date of such grant, in excess of HK\$5 million, such proposed grant of Options must be approved by our Shareholders in general meeting. In such a case, our Company shall send a circular to our Shareholders containing all those terms as required under the GEM Listing Rules. The Participant concerned, his or her associates and all core connected persons of our Company must abstain from voting at such general meeting (except where any core connected person intends to vote against the relevant resolution provided that such intention to do so has been stated in the circular). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

# DIRECTORS' REPORT

## (h) Restrictions on the time of grant of Options

Our Company shall not grant any Options after inside information has come to its knowledge until it has announced the information. In particular, it shall not grant any Option during the period commencing one month immediately before the earlier of:

- (i) the date of the board meeting (as such date is first notified to the Stock Exchange under the GEM Listing Rules) for approving our Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
- (ii) the deadline for our Company to announce its results for any year, half year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement.

Where the grantee is a Director, no Option shall be granted:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

## (i) Exercise of Options

An Option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an Option was granted, at any time during the option period after the Option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

## (j) Duration of the Share Option Scheme

The Share Option Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, after which period no further Options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

Further details of the Share Option Scheme are set out in the section headed "Statutory and General Information – D. Other Information – 1. Share Option Scheme" in Appendix V of the Prospectus.

For the year ended 31 March 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

# DIRECTORS' REPORT

## RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered by the Group during the year ended 31 March 2021 are set out in note 36 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitute connected transactions that need to be disclosed under the GEM Listing Rules.

## DIRECTORS

The Directors during the year and up to the date of this Annual Report are as follows:

### Executive Directors

Ms. Wong Suet Hing (*Chairlady*)

Ms. Wong Sau Ting Peony

Mr. Wong Muk Fai Woody (Retired on 24 September 2020)

Mr. Ma Sui Hong (Resigned on 9 February 2021)

Mr. Wong Chi Chiu Henry

### Independent Non-Executive Directors

Ms. Ng Yau Kuen Carmen

Mrs. Cheung Lau Lai Yin Becky

Mr. Yu Ronald Patrick Lup Man

Pursuant to article 84 of the Articles of Association, one-third of the Directors for the time being shall retire from office by rotation and re-election at an annual general meeting of the Company in accordance with the Company's Articles of Association, providing that every Director shall be retired at least once every three years.

## DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of our executive Directors has entered into a service agreement with the Company for a term of three years commencing from 29 January 2018 and shall continue thereafter unless terminated by not less than three months' notice in writing served by either party.

Each of our independent non-executive Director has entered into a letter of appointment with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

# DIRECTORS' REPORT

## INDEPENDENCE CONFIRMATION

The Company has received confirmation from each of the INEDs regarding his independence in accordance with Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent.

## EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 11 and 12 to the consolidated financial statements.

The remuneration of the senior management of the Group for the year ended 31 March 2021 falls within the following band:

<b>Remuneration band</b>	<b>Number of senior management</b>
Up to HK\$1,000,000	4
HK\$1,000,000 to up to HK\$1,500,000	–
Above HK\$1,500,000	–

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the Senior Management of the Group are set out on pages 17 to 18 of this Annual Report.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2021.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 2021.

# DIRECTORS' REPORT

## UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 17.50A OF THE GEM LISTING RULES

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors subsequent to the date of the 2020 interim report of the Company are set out below:

Mr. Ma Sui Hong has been resigned as the executive Director of the Company on 9 February 2021, Ms. Ng Yau Kuen Carmen has been resigned as the independent non-executive Director of Koala Financial Group Limited (stock code: 8226) on 27 February 2021, the issued shares of which are listed on GEM of the Stock Exchange, Ms. Ng Yau Kuen Carmen has been appointed as the independent non-executive Director of Flat Glass Group Co. Ltd. (stock code: 6865) on 20 May 2021, the issued shares of which are listed on the Main Board of the Stock Exchange, and Mr. Yu Ronald Patrick Lup Man has been resigned as a responsible officer of HAB Management Limited on 21 May 2021.

Save for the information above, the Company is not aware of any other change in Directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules subsequent to the date of the 2020 interim report.

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

As at the date of this report, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or which were required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### Long position in the shares of the associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/nature	No. of shares held in the associated corporation	% of shareholding in the associated corporation
Ms. SH Wong	MJL	Beneficial interest	620	30.24%
Ms. ST Wong	MJL	Beneficial interest	374	18.24%
Mr. SH Ma (Resigned on 9 February 2021)	MJL	Beneficial interest	86	4.20%
Mr. MF Wong (Retired on 24 September 2020) (Note)	MJL	Interest of spouse	620	30.24%

Note: By virtue of being the spouse of Ms. LF Chow, Mr. MF Wong is deemed to be interested in Ms. LF Chow's shareholding in MJL.



## DIRECTORS' REPORT

Saved as disclose above, as at 31 March 2021, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or which were required pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

So far as known to the Directors or chief executive of the Company, as at 31 March 2021, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

#### Long positions in the shares of the Company

Name	Capacity/nature	No. of shares held	Approximate % of shareholding
MJL ( <i>Note 1</i> )	Beneficial Interest	540,000,000	56.25%
Charm Dragon Investments Limited ( <i>Note 2</i> )	Beneficial Interest	60,000,000	6.25%
Mr. Cheung Wai Yin Wilson ( <i>Note 2</i> )	Interest in controlled corporation	60,000,000	6.25%
Ms. Lam Ka Wai ( <i>Note 2</i> )	Interest of spouse	60,000,000	6.25%

#### Notes:

- (1) MJL is owned as to (i) 30.24% by Ms. SH Wong; (ii) 30.24% by Ms. LF Chow; (iii) 18.24% by Ms. ST Wong; (iv) 14.64% by Ms. SC Wong; (v) 4.20% by Mr. SH Ma; and (vi) 2.44% by Linking World Limited. Ms. SH Wong and Ms. ST Wong being our executive Directors, are also directors of MJL.
- (2) Charm Dragon Investments Limited is 100% owned by Mr. Cheung Wai Yin Wilson, as such, he is deemed under the SFO to be interested in all the shares in which Charm Dragon Investments Limited is interested. By virtue of being the spouse of Mr. Cheung Wai Yin Wilson, Ms. Lam Ka Wai is deemed to be interested in all the shares in which Mr. Cheung Wai Yin Wilson is interested pursuant to the SFO.

# DIRECTORS' REPORT

## Long positions in other members of our Group

Name	Name of member of our Group	Capacity/nature	No. of shares held	Approximate % of shareholding
Linking World Limited	All Happiness Limited	Beneficial interest	1,000	10%

Save as disclosed above, as at 31 March 2021, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

## MAJOR CUSTOMERS AND SUPPLIERS

Due to the nature of our Group's business, majority of our customers consist of walk-in customers from the general public. As such, the Directors consider that it is not practicable to identify the five largest customers of the Group, and the Group did not rely on any single customers.

The aggregate purchase attributable to the Group's five largest suppliers accounted for approximately 30.5% of our total purchases of raw materials and consumables consumed. During the same year, purchases from our largest supplier accounted for approximately 7.1% of our total purchases of materials and consumables.

None of the Directors or any of their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or suppliers.

## BORROWING

As at 31 March 2021, the total borrowing of the Group, all of which were denominated in Hong Kong dollar, amounted to approximately HK\$15.0 million (31 March 2020: approximately HK\$20.9 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

# DIRECTORS' REPORT

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the GEM Listing Rules during the year and up to the date of this Annual Report.

## PRE-EMPTIVE RIGHTS

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

## PERMITTED INDEMNITY PROVISION

Subject to applicable laws, the Directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, pursuant to the Articles of Association of the Company. Such provisions were in force throughout the year ended 31 March 2021 and are currently in force. The Company has arranged for appropriate insurance cover for Directors' Liabilities in respect of legal actions that may be brought against the Directors.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group had 170 full-time and 68 part-time employees (as at 31 March 2020: 198 full-time and 77 part-time employees). Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions.

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

## ENVIRONMENTAL, POLICIES AND PERFORMANCE

The Group is devoted to promoting and maintaining the environmental and social sustainable development of Hong Kong. As a responsible enterprise, the Group strives to comply with all the relevant laws and regulations in terms of the environmentally friendliness, health and safety, adopts effective measures, conserves energy and reduces waste.

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after the Annual Report had been published.

# DIRECTORS' REPORT

## CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Tuesday, 3 August 2021 to Friday, 6 August 2021, both days inclusive, during which period no transfer of the shares will be registered. In order to establish entitlements to attend and vote at the forthcoming AGM, shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 2 August 2021.

## DONATIONS

No charitable donation made by the Group during the year ended 31 March 2021 (2020: approximately HK\$30,000).

## EVENTS AFTER THE REPORTING DATE

Save as disclosed in this Annual Report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2021 and up to the date of approval of the Annual Report.

## AUDITOR

BDO Limited ("**BDO**"), who was the auditor of the Group from 2019 to 2020, has resigned as the auditor of the Group with effect from 31 March 2021. BDO, in their letter of resignation, confirmed that there were no matters in connection with their resignation that needed to be brought to the attention of shareholders of the Company. The Board also confirmed that there was no disagreement or unresolved matter between the Company and BDO, and that they were not aware of any matters in relation to the resignation of BDO as auditor of the Group that needed to be brought to the attention of shareholders of the Company. The Company has appointed Elite Partners CPA Limited ("**Elite Partners**") as the auditor of the Company with effect from 31 March 2021. Elite Partners will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting. A resolution to reappoint Elite Partners and to authorise the Directors to fix its remuneration will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**WONG Suet Hing**

*Chairman*

Hong Kong, 23 June 2021

# INDEPENDENT AUDITOR'S REPORT



## TO THE SHAREHOLDERS OF SIMPLICITY HOLDING LIMITED

*(Incorporated in Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Simplicity Holding Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 56 to 117, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) 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.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

### Key audit matters

### How our audit addressed the key audit matters

#### Impairment assessment of property, plant and equipment

At 31 March 2021, the carrying amounts of the Group's property, plant and equipment were HK\$42 million, represented approximately 42% of the total assets of the Group. They entirely relate to the cash generating units ("CGUs") of the restaurant operations in Hong Kong.

Management is required to perform impairment assessment on where indicators of impairment are identified, on these assets. For the purpose of assessing impairment, these assets were allocated to cash generating units ("CGUs"), and management has assessed the recoverable amount of these assets based on higher of value in use and fair value less costs of disposal. In carrying out the impairment assessments, significant management judgement was used to appropriately identify CGUs and to determine the key assumptions and estimations.

We identified the impairment assessment of property, plant and equipment as a key audit matter due to the significance of the balance to the consolidated financial statements combined with the significant judgements and estimations involved in the impairment assessments.

Our audit procedures in relation to the management's impairment assessment of property, plant and equipment included the following:

- Assessing the appropriateness of the management's identification of CGUs based on our understanding of the Group's business;
- Assessing the valuation methodologies applied;
- Assessing the appropriateness of key assumptions, inputs and estimates used in the valuation such as market comparables, and compared them to market information and our industry knowledge;
- Checking the arithmetical accuracy of calculations; and
- Discussing and evaluating management's identification of indicators of potential impairment.

# 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 AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 term 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 HKSAAs 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.

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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



## INDEPENDENT AUDITOR'S REPORT

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 this independent auditor's report is Siu Jimmy with Practising Certificate Number P05898.

### **Elite Partners CPA Limited**

*Certified Public Accountants*

Hong Kong

23 June 2021

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Revenue	6	<b>97,421</b>	116,425
Other income	7	<b>15,688</b>	2,718
Other gains and losses, net	7	<b>3,534</b>	(10,151)
Raw materials and consumables used		<b>(29,205)</b>	(31,852)
Staff costs		<b>(42,027)</b>	(54,441)
Depreciation		<b>(24,681)</b>	(29,294)
Rental and related expenses		<b>(3,772)</b>	(4,457)
Utilities expenses		<b>(4,979)</b>	(6,589)
Other expenses		<b>(14,474)</b>	(10,462)
Reverval of/(impairment loss) of interest in an associate	17	<b>13,505</b>	(13,510)
Finance costs	8	<b>(2,275)</b>	(3,097)
		<hr/>	<hr/>
Profit/(loss) before tax	9	<b>8,735</b>	(44,710)
Income tax credit	10	<b>16</b>	95
		<hr/>	<hr/>
Profit/(loss) and total comprehensive income/(expense) for the year		<b>8,751</b>	(44,615)
		<hr/>	<hr/>
Profit/(loss) and total comprehensive income/(expense) for the year attributable to:			
– owners of the Company		<b>8,585</b>	(44,459)
– non-controlling interests		<b>166</b>	(156)
		<hr/>	<hr/>
		<b>8,751</b>	(44,615)
		<hr/>	<hr/>
Earnings/(losses) per share			
Basic (HK cents)	14	<b>0.99</b>	(5.56)
		<hr/>	<hr/>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	15	42,207	105,525
Intangible assets	16	–	–
Deferred tax assets	28	95	95
Interest in an associate	17	–	–
Deposits	19	3,936	7,652
Total non-current assets		<b>46,238</b>	113,272
<b>Current assets</b>			
Inventories	18	1,724	1,557
Trade and other receivables, deposits and prepayments	19	9,179	2,353
Amount due from an associate	17	–	1,500
Tax recoverable		345	508
Bank balances and cash	20	12,811	2,987
Asset held for sale	21	29,860	–
Total current assets		<b>53,919</b>	8,905
<b>Current liabilities</b>			
Trade and other payables and accruals	22	8,376	14,540
Contract liabilities	23	108	224
Provision for reinstatement	25	220	200
Lease liabilities	26	11,984	19,267
Bank borrowings	24	15,000	20,857
Liability directly associated with asset held for sale	21	260	–
Total current liabilities		<b>35,948</b>	55,088
<b>Net current assets/(liabilities)</b>		<b>17,971</b>	(46,183)
<b>Total assets less current liabilities</b>		<b>64,209</b>	67,089
<b>Non-current liabilities</b>			
Deferred tax liabilities	28	687	703
Provision for reinstatement	25	1,776	2,226
Lease liabilities	26	22,999	42,262
Total non-current liabilities		<b>25,462</b>	45,191
Net assets		<b>38,747</b>	21,898

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Capital and reserves</b>			
Share capital	27	<b>9,600</b>	8,000
Reserves		<b>29,193</b>	13,889
<b>Equity attributable to owners of the Company</b>		<b>38,793</b>	21,889
<b>Non-controlling interests</b>		<b>(46)</b>	9
<b>Total equity</b>		<b>38,747</b>	21,898

The consolidated financial statements on pages 62 to 117 were approved and authorised for issue by the Board of Directors on 23 June 2021 and are signed on its behalf by:

**Wong Suet Hing**  
*Director*

**Wong Sau Ting Peony**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i> <i>(Note (a))</i>	Other reserves <i>HK\$'000</i> <i>(Note (b))</i>	Accumulated (losses)/ profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 April 2019	8,000	81,662	(8,669)	(14,645)	66,348	541	66,889
Loss and total comprehensive expense for the year	-	-	-	(44,459)	(44,459)	(156)	(44,615)
Dividend paid	-	-	-	-	-	(376)	(376)
At 31 March 2020 and at 1 April 2020	8,000	81,662	(8,669)	(59,104)	21,889	9	21,898
Profits and total comprehensive income for the year	-	-	-	8,585	8,585	166	8,751
Placing of shares	1,600	6,719	-	-	8,319	-	8,319
Dividend paid	-	-	-	-	-	(88)	(88)
Derecognition of non-controlling interest upon disposal of subsidiary	-	-	-	-	-	(133)	(133)
At 31 March 2020	<u>9,600</u>	<u>88,381</u>	<u>(8,669)</u>	<u>(50,519)</u>	<u>38,793</u>	<u>(46)</u>	<u>38,747</u>

*Notes:*

- (a) As at 31 March 2021 and 2020, share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares were listed on GEM of the Stock Exchange in previous years.
- (b) As at 31 March 2021 and 2020, other reserves represented the difference between the aggregated capital of subsidiaries arising from the group reorganisation and the shareholders' contribution arising from the acquisition of additional interest in subsidiaries in previous years.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		<b>8,735</b>	(44,710)
Adjustments for:			
Bank interest income	7	–	(20)
Finance costs	8	<b>2,275</b>	3,097
Depreciation:			
– owned property, plant and equipment	9	<b>8,847</b>	9,678
– leased right-of-use assets	9	<b>15,834</b>	19,616
Amortisation of intangible assets	9	–	68
Rent concession	7	<b>(1,589)</b>	(757)
Gain on early termination of leases	7	<b>(3,202)</b>	(380)
Gain on disposal of subsidiaries	30	<b>(429)</b>	–
Reversal of provision of reinstatement	25	<b>(430)</b>	–
Loss on written-off/disposal of property, plant and equipment	7	<b>1,686</b>	4,884
Provision for impairment:			
– owned property, plant and equipment	7	–	1,925
– leased right-of-use assets	7	–	4,302
– intangible assets	7	–	177
(Reversal of)/impairment loss of interest in an associate		<b>(13,505)</b>	13,510
Operating cash flows before movements in working capital		<b>18,222</b>	11,390
Decrease in inventories		<b>(167)</b>	(545)
Increase/(decrease) in trade and other receivables, deposits and prepayments		<b>(3,422)</b>	3,915
(Decrease)/increase in trade and other payables and accruals		<b>(5,241)</b>	505
(Decrease)/increase in contract liabilities		<b>(116)</b>	224
Decrease in provision for reinstatement		–	(650)
Cash generated from operation		<b>9,276</b>	14,839
Tax refund		<b>77</b>	836
Income tax paid		–	(349)
Interest paid		<b>(396)</b>	(744)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>8,957</b>	14,582

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>INVESTING ACTIVITIES</b>			
Repayment from an associate	17	15,005	–
Net cash outflow on disposal of subsidiaries	30	(21)	–
Advances to an associate	17	–	(1,500)
Increase in interest in an associate	17	–	(13,510)
Repayment from a related party		–	312
Purchases of property, plant and equipment		(231)	(6,102)
Interest received		–	20
		<hr/>	<hr/>
<b>NET CASH GENERATED FROM/(USED IN)</b>			
<b>INVESTING ACTIVITIES</b>		<b>14,753</b>	<b>(20,780)</b>
		<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>			
	34		
Proceeds from bank borrowings		–	5,857
Repayment of bank borrowings		(5,857)	–
Proceed from placing of new shares		8,319	–
Repayment of principal portion of lease liabilities		(14,381)	(15,774)
Repayment of interest portion of lease liabilities		(1,879)	(2,353)
Dividend distribution to non-controlling interests		(88)	(376)
		<hr/>	<hr/>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(13,886)</b>	<b>(12,646)</b>
		<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN CASH AND</b>			
<b>CASH EQUIVALENTS</b>		<b>9,824</b>	<b>(18,844)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF</b>			
<b>THE YEAR</b>		<b>2,987</b>	<b>21,831</b>
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR,</b>			
<b>REPRESENTED BY BANK BALANCES AND CASH</b>		<b>12,811</b>	<b>2,987</b>
		<hr/>	<hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 27 January 2017 and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 February 2018. The address of the Company’s registered office and the principal place of business is disclosed in the Corporate Information section to the annual report.

Its immediate holding company is Marvel Jumbo Limited (“MJL”), a private limited company incorporated in the British Virgin Islands (“BVI”) with limited liability. MJL is 30.24% owned by Ms. Wong Suet Hing (“Ms. SH Wong”), 30.24% owned by Ms. Chow Lai Fan (“Ms. LF Chow”), sister-in-law of Ms. SH Wong, 18.2% owned by Ms. Wong Sau Ting Peony (“Ms. ST Wong”), daughter of Ms. SH Wong, 15% owned by Ms. Wong Suet Ching (“Ms. SC Wong”), sister of Ms. SH Wong, and 4.2% owned by Mr. Ma Sui Hong (“Mr. SH Ma”), the son of Ms. Wong Shuet Ying (“Ms. SY Wong”), sister of Ms. SH Wong.

The Company is an investment holding company and its subsidiaries are principally engaged in restaurant operations in Hong Kong. Details are set out in note 39.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) Adoption of new/revised HKFRSs – effective 1 April 2019

#### *Amendments to HKFRSs that are mandatorily effective for the current year*

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

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

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### (a) Adoption of new/revised HKFRSs – effective 1 April 2019 (Continued)

#### **Impacts on early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions**

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes were 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.

The application of the amendment had no impact to the opening retained profits at 1 April 2020.

The Group has benefited from waiver of lease payments on several leases. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of HK\$1,589,000, which has been recognised as variable lease payments in profit or loss for the current year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### (b) New/revised HKFRSs that have been issued but are not yet effective

#### *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:

		<b>Effective for annual periods beginning on or after</b>
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 3. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) and the Hong Kong Companies Ordinance.

### (b) Basis of measurement

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

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

### (c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### (a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (a) Business combination and basis of consolidation *(Continued)*

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

### (b) Fair Value

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 this Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **(b) Fair Value** *(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.

### **(c) Subsidiaries**

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for the Company on the basis of dividend received and receivable.

### **(d) Associates**

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 associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. 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. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **(d) Associates** *(Continued)*

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **(d) Associates** *(Continued)*

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

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

### **(e) Non-current assets held for sale**

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, which continue to be measured in accordance with the accounting policies as set out in respective sections.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## (f) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leased building where the Group is not the registered owner of the property interest (see note 4(f)(A)), are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold land and buildings	Over the shorter of the terms of the lease or 50 years
Leasehold improvements	Over the lease terms
Furniture and fixtures	Over 3 – 5 years
Kitchen equipment	Over 3 – 5 years
Other equipment	Over 3 – 5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (g) Leasing

#### ***Definition of a lease***

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

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

#### ***The Group as a lessee***

##### *Short-term leases and leases of low-value assets*

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

##### *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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (g) Leasing *(Continued)*

#### *The Group as a lessee (Continued)*

##### *Right-of-use assets (Continued)*

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 in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

##### *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.

##### *Lease liabilities*

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

The lease payments include:

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (g) Leasing *(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 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.

##### *Covid-19-related rent concessions*

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

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

### (h) Intangible assets

#### (i) *Intangible assets*

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on a straight-line basis over their useful lives. The amortisation expense is recognised in profit or loss and included in other expenses.

Franchise	5 years
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (h) Intangible assets *(Continued)*

#### (ii) *Impairment*

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

### (i) Financial Instruments

#### (i) *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments in below measurement category:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

#### *Equity instruments*

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (i) Financial Instruments *(Continued)*

#### (ii) **Impairment loss on financial assets**

The Group recognises loss allowances for ECL on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (i) Financial Instruments *(Continued)*

#### (iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

##### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade and other payables and accruals and bank borrowings, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### (iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

#### (v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### (vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (j) Inventories

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

### (k) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties.

Revenue from restaurant operation is recognised at a point in time when the food and catering service have been served, and customer payments are made to the Group upon completion of catering service.

Revenue from sales of food ingredients is recognised at the point that the control of the inventory have passed to the customers, which is primarily upon the acceptance of the goods by the customers. The customers have full discretion over the goods, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

#### ***Principal versus agent***

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

### (l) Retirement benefits costs

#### ***(i) Short term employee benefits***

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

#### ***(ii) Defined contribution retirement plan***

Contributions to defined contribution retirement plan are recognised as an expense in profit or loss when the services are rendered by the employees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (l) Retirement benefits costs *(Continued)*

#### *(iii) Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

### (m) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

### (n) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (n) Income taxes *(Continued)*

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

### (o) Borrowing costs

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

### (p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reliably estimated.

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

### (q) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined the Group's service lines stated in note 6.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except interest income, unallocated finance costs, and unallocated corporate expenses, which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

### (r) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible asset; and
- investments in subsidiaries and an associate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (r) Impairment of assets (other than financial assets) *(Continued)*

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, 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 cash generating unit.

### (s) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

### (t) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (t) Related parties *(Continued)*

- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

## 5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

### **Estimation of useful lives and impairment of property, plant and equipment**

The Group's management determines the estimated useful lives and depreciation method 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. Management of the Group will accelerate the depreciation charge where the economic useful lives are shorter than previously estimated due to removal or closure of restaurants. The management of the Group will also write-off or write-down the carrying value of the items which are technically obsolete or non-strategic assets that have been abandoned. Actual economic useful lives may differ from estimated economic useful lives.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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

### **Impairment testing of property, plant and equipment (including right-of-use assets)**

The Group determines whether property, plant and equipment (including right-of-use assets) are impaired when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying values of these assets exceed their recoverable amounts, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair values less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

In addition, management of the Group assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. When the recoverable amounts of property, plant and equipment differ from the original estimates, adjustment will be made and recognised in the period in which such event takes place. As at 31 March 2021, the carrying amounts of property, plant and equipment are approximately HK\$42,207,000 (2020: HK\$105,525,000).

### **Leases – Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates (such as the subsidiary's stand-alone credit rating).

### **Impairment loss of interests in an associate**

The Group regularly review the recoverable amount of the interests in an associate in respect of Well Strong Holdings Limited and its subsidiary (collectively known as "Well Strong Group"). For the purpose of impairment review, it requires an estimation of the recoverable amount which is based on the value in use calculation derived by discounted future cash flow model prepared by the management. The value in use calculation requires the Group to estimate the expected cash flows in the coming five years by a suitable budgeted sales, gross margin, growth rate; and cash flows beyond five years are extrapolated by a suitable terminal discount rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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

### Principal versus agent consideration (agent)

The Group is considered as an agent for its contracts with customers relating to the sales of food ingredients as the Group did not obtain the control over food ingredients before passing on to customers. When the Group satisfies the performance obligation, the Group recognises a commission revenue in the amount it expects to be entitled as specified in the contracts, which amounted to 17% of the gross amount of consideration as specified in the contracts. During the year ended 31 December 2021, the Group recognised commission revenue relating to sales of food ingredients amounted to HK\$1,841,000.

## 6. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received or receivable from the operation of restaurants in Hong Kong during the year.

### Revenue

The amounts of each significant category of revenue recognised during the reporting period were disaggregated as follows:

	2021 HK\$'000	2020 HK\$'000
Revenue from restaurant operation	95,580	116,425
Sales of food ingredients	1,841	–
	<u>97,421</u>	<u>116,425</u>
By timing of revenue recognition at a point in time		

### Segment revenue and results

Information reported to the management of the Group, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on styles of cuisine serving by the Group’s restaurants to the customers.

Specifically, the Group’s reportable segments under HKFRS 8 “Operating Segments” are as follows:

1. Chinese cuisine – Operations of Chinese cuisine restaurants under the brand of “Marsino”.
2. Thai cuisine – Operations of Thai cuisine restaurants under the brand of “Grand Avenue”.
3. Japanese cuisine – Operations of Japanese cuisine restaurants under the brand of “Beefst” were closed on 28 June 2019.
4. Malaysian cuisine – Operations of Malaysian cuisine restaurants under the brand of “Baba Nyonya” and “Haha Prawn Mee”, “Haha Prawn Mee” were ceased to operate since 30 June 2019.
5. Sales of food ingredients – Sales of food ingredients to external third parties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Segment revenue and results *(Continued)*

No operating segments have been aggregated in arriving at the reportable segments of the Group.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 4(p) to the consolidated financial statements.

#### Year ended 31 March 2021

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Japanese cuisine <i>HK\$'000</i> <i>(Note)</i>	Malaysian cuisine <i>HK\$'000</i>	Sales of food ingredients <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>27,961</u>	<u>28,636</u>	<u>–</u>	<u>38,983</u>	<u>1,841</u>	<u>97,421</u>
Segment profit/(loss)	<u>(625)</u>	<u>717</u>	<u>–</u>	<u>797</u>	<u>1,841</u>	<u>2,730</u>
Unallocated other income						14,540
Unallocated finance costs						(396)
Unallocated corporate costs						(21,644)
Reversal of impairment loss of interest in an associate						<u>13,505</u>
Profit before tax						<u>8,735</u>

#### Year ended 31 March 2020

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Japanese cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>43,292</u>	<u>38,724</u>	<u>809</u>	<u>33,600</u>	<u>116,425</u>
Segment loss	<u>(2,130)</u>	<u>(1,224)</u>	<u>(2,140)</u>	<u>(6,008)</u>	<u>(11,502)</u>
Unallocated other income					482
Unallocated finance costs					(744)
Unallocated corporate costs					(19,436)
Impairment loss of interest in an associate					<u>(13,510)</u>
Loss before tax					<u>(44,710)</u>

*Note:* The operations of Japanese cuisine were ceased to operate since 28 June 2019 and no operation conducted during the year ended 31 March 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

#### At 31 March 2021

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i>	Sales of food ingredients <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	<u>15,746</u>	<u>12,075</u>	<u>21,063</u>	<u>1,963</u>	50,847
Unallocated property, plant and equipment					1,012
Deferred tax assets					95
Unallocated inventories					743
Unallocated other receivables and prepayments					4,444
Tax recoverable					345
Bank balances and cash					12,811
Asset held for sale					<u>29,860</u>
Consolidated assets					<u>100,157</u>
Segment liabilities	<u>14,407</u>	<u>9,789</u>	<u>17,827</u>	<u>–</u>	42,023
Unallocated trade and other payables and accruals					3,332
Bank borrowings					15,000
Deferred tax liabilities					687
Contract liabilities					108
Liabilities directly associated with asset held for sale					<u>260</u>
Consolidated liabilities					<u>61,410</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Segment assets and liabilities *(Continued)*

At 31 March 2020

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	<u>28,525</u>	<u>23,817</u>	<u>29,680</u>	82,022
Unallocated property, plant and equipment				32,880
Deferred tax assets				95
Unallocated inventories				1,236
Unallocated other receivables and prepayments				949
Amount due from an associate				1,500
Tax recoverable				508
Bank balances and cash				<u>2,987</u>
Consolidated assets				<u>122,177</u>
Segment liabilities	<u>27,958</u>	<u>19,843</u>	<u>25,815</u>	73,616
Unallocated trade and other payables and accruals				5,103
Bank borrowings				20,857
Deferred tax liabilities				<u>703</u>
Consolidated liabilities				<u>100,279</u>

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

- all assets are allocated to operating and reportable segments, other than certain property, plant and equipment for corporate use, deferred tax assets, certain inventories, certain other receivables and prepayments, amount due from an associate, amount due from a related party, tax recoverable and bank balances and cash.
- all liabilities are allocated to operating and reportable segments, other than certain trade and other payables and accruals, bank borrowings and deferred tax liabilities.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Other segment information

Year ended 31 March 2021

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Japanese cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i>	Sales of food ingredients <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or segment assets:							
Additions of property, plant and equipment	11	-	-	139	-	81	231
Loss on written-off/disposal of property, plant and equipment	(1,081)	(305)	-	(300)	-	-	(1,686)
Depreciation:							
- owned property, plant and equipment	1,983	1,931	-	2,794	-	2,139	8,847
- leased right-of-use assets	4,876	5,124	-	5,834	-	-	15,834

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Other segment information *(Continued)*

Year ended 31 March 2020

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Japanese cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or segment assets:						
Additions of property, plant and equipment	10,898	623	–	4,573	1,180	17,274
Loss on written-off/disposal of property, plant and equipment	7	40	1,678	3,159	–	4,884
Depreciation:						
– owned property, plant and equipment	2,200	2,224	84	2,469	2,701	9,678
– leased right-of-use assets	6,607	6,103	344	6,562	–	19,616
Amortisation of intangible assets	–	–	–	–	68	68
Provision for impairment:						
– owned property, plant and equipment	829	423	–	673	–	1,925
– leased right-of-use assets	1,666	2,369	–	267	–	4,302
– intangible assets	–	–	–	–	177	177

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Geographical information

All of the Group's operations are located in Hong Kong. Accordingly, the Group's revenue from external customers and all non-current assets are located in Hong Kong.

### Information about major customers

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

## 7. OTHER INCOME/OTHER GAINS AND LOSSES, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other income		
Reversal of provision for reinstatement	430	400
Reversal of employee injury provision	750	–
Employment support scheme <i>(note a)</i>	11,334	–
Promotion income	178	97
Bank interest income	–	20
Subsidies income <i>(note b)</i>	2,670	1,680
Other income	326	521
	<u>15,688</u>	<u>2,718</u>
Other gains and losses, net		
Rent concession <i>(note c)</i>	1,589	757
Gain on early termination of leases	3,202	380
Loss on written-off/disposal of property, plant and equipment	(1,686)	(4,884)
Gain on disposal of subsidiaries	429	–
Provision for impairment:		
– owned property, plant and equipment	–	(1,925)
– leased right-of-use assets	–	(4,302)
– intangible assets	–	(177)
	<u>3,534</u>	<u>(10,151)</u>

### Notes:

- (a) Employment support scheme were granted from HKSAR Government in relation to the employment during COVID-19 without unfulfilled conditions or other contingencies attaching to the subsidies.
- (b) Subsidies income were granted from HKSAR Government in relation to the food license without unfulfilled conditions or other contingencies attaching to the subsidies.
- (c) The rent concession had satisfied the practical expedient criteria of HKFRS 16 and the amount recognised in profit or loss to reflect changes in lease payments that arised from COVID-19.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 8. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interests on bank borrowings	396	744
Interests on lease liabilities	<u>1,879</u>	<u>2,353</u>
	<u><b>2,275</b></u>	<u><b>3,097</b></u>

## 9. PROFIT/(LOSS) BEFORE TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) before tax has been arrived at after charging:		
Staff costs (including directors' emoluments):		
Salaries and other benefits	<b>40,141</b>	52,076
Contribution to retirement benefit scheme	<u>1,886</u>	<u>2,365</u>
	<b>42,027</b>	54,441
Auditor's remuneration	<b>650</b>	700
Depreciation:		
– owned property, plant and equipment	<b>8,847</b>	9,678
– leased right-of-use assets	<b>15,834</b>	19,616
Provision for impairment:		
– owned property, plant and equipment	–	1,925
– leased right-of-use assets	–	4,302
– intangible assets	–	177
Amortisation of intangible assets (included in other expenses)	–	68
Variable lease payments not included in the measurement of lease liabilities:		
– short-term lease expenses	<b>1,473</b>	300
– contingent rents ( <i>note</i> )	<u>–</u>	<u>31</u>

*Note:* The lease payments for certain restaurants are determined as the higher of a fixed rental or a predetermined percentage on revenue of respective restaurants pursuant to the terms and conditions that are set out in the respective rental agreements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 10. INCOME TAX CREDIT/(EXPENSE)

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Current tax:		
Hong Kong Profits Tax	–	–
Under provision in prior years	–	(14)
	<u>–</u>	<u>(14)</u>
Deferred tax	<b>16</b>	109
	<u><b>16</b></u>	<u>95</u>

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and accordingly, is not subject to income tax in the Cayman Islands.

Hong Kong profits tax has been provided at the rate of 16.5% of the estimated assessable profits for the year ended 31 March 2021 (2020: 16.5%). According to the Inland Revenue (Amendment) Bill 2017 (the “Bill”) which was substantively enacted after passing its Third Reading in the Legislative Council on 28 March 2018, the two-tiered profits tax regime (the “Regime”) is first effective for the year of assessment 2018/19. Profits tax rate for the first HK\$2 million of assessable profits of corporations is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%. Only one nominated entity of a group of connected entities is entitled to the Regime. The profits of corporations not qualified for the two-tier profits tax regime will continue to be taxed at 16.5%.

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

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Profit/(loss) before tax	<u><b>8,736</b></u>	<u>(44,710)</u>
Tax calculated at the domestic income tax rate of 16.5% (2020: 16.5%)	<b>(1,441)</b>	7,377
Tax effect of expense not deductible for tax purpose	<b>(3,999)</b>	(4,657)
Tax effect of income not subject to tax	<b>4,539</b>	277
Under provision in prior years	–	(14)
Tax effect of tax losses not recognised	<b>917</b>	(2,888)
	<u><b>16</b></u>	<u>95</u>

Details of deferred tax are set out in note 28.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to the directors, disclosed pursuant to the applicable GEM Listing Rules and the Hong Kong Companies Ordinance, were as follows:

**Year ended 31 March 2021**

	<b>Ms. SH Wong HK\$'000</b>	<b>Ms. ST Wong HK\$'000</b>	<b>Mr. MF Wong HK\$'000 (note(a))</b>	<b>Mr. SH Ma HK\$'000 (note(b))</b>	<b>Mr. CC Wong HK\$'000</b>	<b>Total HK\$'000</b>
<b>Executive directors:</b>						
Fees	-	-	-	-	-	-
Other emoluments						
Salaries and other benefits	405	405	187	292	357	1,646
Discretionary bonus (Note a)	15	15	-	15	15	60
Retirement benefit scheme contributions	-	18	9	15	17	59
Sub-total	<u>420</u>	<u>438</u>	<u>196</u>	<u>322</u>	<u>389</u>	<u>1,765</u>

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

	<b>Mrs. Cheung Lau Lai Yin Becky HK\$'000</b>	<b>Ms. Ng Yau Kuen Carmen HK\$'000</b>	<b>Mr. Yu Ronald Patrick Lup Man HK\$'000</b>	<b>Total HK\$'000</b>
<b>Independent non-executive directors:</b>				
Fees	35	35	35	105
Other emoluments				
Salaries and other benefits	93	93	93	279
Retirement benefit scheme contributions	5	5	5	15
Sub-total	<u>133</u>	<u>133</u>	<u>133</u>	<u>399</u>

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

Total

**HK\$'000**

2,164

Note:

(a) Mr. Wong Muk Fai Woody was resigned as executive director on 24 September 2020.

(b) Mr. Ma Sui Hong was resigned as executive director on 9 February 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Year ended 31 March 2020

	Ms. SH Wong HK\$'000	Ms. ST Wong HK\$'000	Mr. MF Wong HK\$'000	Mr. SH Ma HK\$'000	Mr. CC Wong HK\$'000	Total HK\$'000
<b>Executive directors:</b>						
Fees						
Other emoluments	-	-	-	-	-	-
Salaries and other benefits	424	424	436	334	370	1,988
Discretionary bonus (Note a)	37	37	-	35	45	154
Retirement benefit scheme contributions	-	18	18	17	18	71
Sub-total	<u>461</u>	<u>479</u>	<u>454</u>	<u>386</u>	<u>433</u>	<u>2,213</u>

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

	Mrs. Cheung Lau Lai Yin Becky HK\$'000	Ms. Ng Yau Kuen Carmen HK\$'000	Mr. Yu Ronald Patrick Lup Man HK\$'000	Total HK\$'000
<b>Independent non-executive directors:</b>				
Fees	145	145	145	435
Retirement benefit scheme contributions	-	-	-	-
Sub-total	<u>145</u>	<u>145</u>	<u>145</u>	<u>435</u>

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

	HK\$'000
Total	<u>2,648</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

The emoluments paid or payable to the directors of the Company included the emoluments for services as directors/employees of the group companies prior to becoming the directors of the Company. The directors' emoluments are for their services in connection to the management of the affairs of the Company and the Group.

*Note:*

- (a) The discretionary bonus is determined by reference to their duties and responsibilities within the Group and the Group's performance.

No remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of directors of the Company has waived any remuneration during the years ended 31 March 2021 and 2020.

## 12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one director (2020: two directors), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year ended 31 March 2021 of the remaining four (2020: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Salaries and other benefits	<b>1,968</b>	1,750
Bonus	<b>45</b>	9
Retirement benefit scheme contributions	<b>70</b>	54
	<b><u>2,083</u></b>	<u>1,813</u>

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follows:

	<b>2021</b>	2020
Nil to HK\$1,000,000	<b><u>4</u></b>	<u>3</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 13. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2021, nor has any dividend been proposed since the end of reporting period (2020: nil).

There are no income tax consequences related the payment of dividends by the Company to its shareholders.

## 14. EARNINGS/(LOSS) PER SHARE

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

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic earnings/(loss) per share	<b><u>8,585</u></b>	<u>(44,459)</u>
	<b>2021</b>	2020
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<b><u>865,315</u></b>	<u>800,000</u>

No diluted earnings/(loss) per share were presented as there were no potential ordinary shares in issue for both years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Kitchen equipment <i>HK\$'000</i>	Other equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST</b>						
At 31 March 2019	40,286	40,350	3,619	5,829	2,988	93,072
Initial application of HKFRS 16	75,653	-	-	-	-	75,653
Restated balance as at 1 April 2019	115,939	40,350	3,619	5,829	2,988	168,725
Additions	8,074	7,048	478	933	741	17,274
Written-off/disposals	-	(7,526)	(789)	(1,109)	(84)	(9,508)
Early termination of leases	(7,252)	-	-	-	-	(7,252)
At 31 March 2020 and 1 April 2020	116,761	39,872	3,308	5,653	3,645	169,239
Additions	-	143	30	7	51	231
Written-off/disposals	-	(10,992)	(789)	(1,177)	(586)	(13,544)
Transfer to asset held-for-sale	(40,286)	-	-	-	-	(40,286)
Early termination of leases	(17,078)	-	-	-	-	(17,078)
At 31 March 2021	59,397	29,023	2,549	4,483	3,110	98,562
<b>DEPRECIATION AND IMPAIRMENT</b>						
At 31 March 2019 and 1 April 2019	7,692	19,455	1,827	2,791	2,038	33,803
Provided for the year	21,228	6,246	535	865	420	29,294
Eliminate on written-off/disposals	-	(3,222)	(621)	(704)	(77)	(4,624)
Provision for impairment	4,302	1,698	60	143	24	6,227
Early termination of leases	(986)	-	-	-	-	(986)
At 31 March 2020 and 1 April 2020	32,236	24,177	1,801	3,095	2,405	63,714
Provided for the year	17,007	5,732	513	896	533	24,681
Eliminate on written-off/disposals	-	(9,545)	(668)	(1,114)	(531)	(11,858)
Transfer to asset held-for-sale	(10,478)	-	-	-	-	(10,478)
Early termination of leases	(9,704)	-	-	-	-	(9,704)
At 31 March 2021	29,061	20,364	1,646	2,877	2,407	56,355
<b>CARRYING AMOUNTS</b>						
At 31 March 2021	30,336	8,659	903	1,606	703	42,207
At 31 March 2020	84,525	15,695	1,507	2,558	1,240	105,525

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

For the year ended 31 March 2020, the management identified impairment indicator of certain leasehold land and building, leasehold improvement, furniture and fixtures, kitchen equipment and other equipment due to decline in performance in some restaurants of the Group. The Group assessed the recoverable amounts of these property, plant and equipment allocated to their respective cash-generating units ("CGUs") and as a result the carrying amount of these property, plant and equipment were written down to their recoverable amount. An impairment loss of approximately HK\$6,227,000 (2021: nil) was recognised in the consolidated statement of profit or loss and other comprehensive income.

The recoverable amount of the CGU related to each restaurant has been determined based on value in use calculations, which use cash flow projections based on the most recent financial forecasts approved by the directors of the Company covering five-year period.

The key assumptions for the cash flow projections are those regarding the discount rates, annual projected revenue over five-year period and growth rates. The Group estimates discount rates used pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The annual projected revenue over five-year period and growth rates are based on past performance and expectations of market development.

The key assumptions used for the cash flow projections of the CGU related to each restaurant in 2020 are (i) discount rate of 10.38% (2021: nil); and (ii) recoverable amount of HK\$130,333,000 (2021: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 16. INTANGIBLE ASSETS

	<b>Franchise</b> <i>HK\$'000</i>
<b>COST</b>	
At 1 April 2019, 31 March 2020 and 31 March 2021	342
<b>AMORTISATION AND IMPAIRMENT</b>	
At 1 April 2019	97
Provided for the year	68
Provision for impairment	177
At 31 March 2020 and 31 March 2021	342
<b>CARRYING AMOUNTS</b>	
At 31 March 2021	—
At 31 March 2020	—

The above intangible asset represents franchise acquired from third parties during the year of 2018 and has finite useful lives. Such intangible asset is amortised on a straight-line basis over five years according to the terms of the franchise agreement.

During the year ended 31 March 2020, the franchise license in Japanese cuisine segment that all restaurant outlet were closed and the management made provision for impairment loss of HK\$177,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 17. INTEREST IN AN ASSOCIATE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current asset</b>		
<b>Interest in an associate</b>		
Investment in an associate	5	5
Impairment loss of investment in an associate	<u>(5)</u>	<u>(5)</u>
	—	—
Amount due from an associate	—	13,505
Impairment loss of amount due from an associate	<u>—</u>	<u>(13,505)</u>
	—	—
Interest in an associate	<u>—</u>	<u>—</u>
Movement in impairment of amount due from an associate		
Opening balance	<b>13,505</b>	—
Impairment recognised during the year	—	13,505
Reversal during the year ( <i>Note</i> )	<b>(13,505)</b>	—
	<u>—</u>	<u>13,505</u>
<b>Current asset</b>		
Amount due from an associate	<u>—</u>	<u>1,500</u>

*Note:* During the year, the Company has received the repayments of amount due from an associate for a total of HK\$15,505,000 in cash.

Details of the Group's associate is as follows:

<b>Name</b>	<b>Place of incorporation, operation and principle activity</b>
Well Strong Holdings Limited	Cold storage in Hong Kong

On 18 April 2019, the Group agreed to establish Well Strong Holdings Limited ("Well Strong") with other parties, upon the completion that the Group has 50% of equity share interest in Well Strong Group. Pursuant to the agreement dated 18 April 2019, the Group shall nominated one director into the board of associate with 33.3% voting power that constitute a significant influence over the associate.

The amount due from an associate is unsecured, interest free and repayable on demand or agreed terms.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 17. INTEREST IN AN ASSOCIATE *(Continued)*

Summarised financial information in respect of the associate is set out below.

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>At 31 March</b>		
Current assets	<b>32,592</b>	27,853
Non-current assets	<b>62,622</b>	98,890
Current liabilities	<b>(132,374)</b>	(66,858)
Non-current liabilities	–	(78,938)
	<u>          </u>	<u>          </u>
Net liabilities	<b><u>(37,160)</u></b>	<u>(19,053)</u>
<b>Year ended 31 March</b>		
Revenue	<b>71,465</b>	51,424
Loss and total comprehensive loss for the year	<b><u>(18,107)</u></b>	<u>(19,063)</u>
<i>Included in the above amounts is:</i>		
Depreciation	<b><u>51,072</u></b>	<u>41,569</u>

## 18. INVENTORIES

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Food and beverage for restaurant operations	<b><u>1,724</u></b>	<u>1,557</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables from sales of food ingredients	1,303	–
Trade receivables from restaurant operations	766	334
Rental deposits	4,060	5,817
Other deposits	2,109	2,423
Prepayments and other receivables	4,877	1,431
	<hr/>	<hr/>
Total	<b>13,115</b>	10,005
	<hr/>	<hr/>
Analysed for reporting purposes as:		
Non-current assets	3,936	7,652
Current assets	9,179	2,353
	<hr/>	<hr/>
	<b>13,115</b>	10,005
	<hr/>	<hr/>

There was no credit period granted to individual customers for the restaurant operations. The Group's trading terms with its customers are mainly by cash, octopus card and credit card settlement. The settlement terms of octopus card and credit card companies are usually within 7 days after the service rendered date. All trade receivables from restaurant operations are aged within 7 days after the service rendered date. All trade receivables from sales of food ingredients are aged within 30 days base on the invoice date at the end of the reporting period.

## 20. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short term bank deposits with an original maturity of three months or less which carry interest at prevailing market rate of 0.01% (2020:0.01%) per annum.

## 21. ASSET HELD FOR SALE

- (a) On 11 December 2020, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of a wholly owned subsidiary, Access Gear Investment Limited ("AGI") and its subsidiaries ("AGI Group") for a consideration of HK\$21,500,000. The major asset held by the AGI group is an industrial unit. The completion of the transaction is scheduled to take place on 30 June 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 21. ASSET HELD FOR SALE (Continued)

- (b) On 25 February 2021, the Group entered into a preliminary sale and purchase agreement with an independent third party to dispose of a property for a consideration of HK\$22,000,000. The property is an industrial unit held by an indirect wholly-owned subsidiary. The transaction was completed on 24 May 2021.

Accordingly, the following assets and liabilities are presented as a disposal group/assets held for sale.

	<b>AGI Group</b> <i>HK\$'000</i>	<b>Industrial unit</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Asset held for sale			
Leasehold land and buildings	19,802	10,006	29,808
Other Assets	52	–	52
	<u>19,854</u>	<u>10,006</u>	<u>29,860</u>
Liabilities directly associated with the assets held for sale			
Other payables, accrual and deposits received	(260)	–	(260)

## 22. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	<b>2,274</b>	3,379
Salaries payables	<b>3,977</b>	4,839
Payable for acquisition of property, plant and equipment	<b>230</b>	3,098
Accruals and other payables	<b>1,886</b>	3,224
	<u><b>8,367</b></u>	<u>14,540</u>

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days. All trade payables are aged within 60 days based on the invoice date at the end of the reporting period.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 23. CONTRACT LIABILITIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract liabilities arising from:		
Unredeemed cash coupons	<u>108</u>	<u>224</u>

The contract liabilities represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied in relation to the unredeemed cash coupons outstanding as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations to be recognised as revenue when the related cash coupons are redeemed within one year.

### Movements in contract liabilities

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 April	224	–
Increase in contract liabilities as a result of selling cash coupons	2,636	2,292
Decrease in contract liabilities as a result of recognising revenue during the year for cash coupons redemption	(2,712)	(1,966)
Expiration of cash coupons	<u>(40)</u>	<u>(102)</u>
<b>At 31 March</b>	<b><u>108</u></b>	<b><u>224</u></b>

The following table shows the revenue during the year related to contract liabilities carried forward:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities at 1 April		
– Cash coupons	<u>224</u>	<u>–</u>

The following table shows unsatisfied performance obligations as at the end of the year resulting from sales of cash coupons.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Expected to be recognised within one year		
– Cash coupons	<u>108</u>	<u>224</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 24. BANK BORROWINGS

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Bank loans, do not contain repayment on demand clause repayable within one year	<b>15,000</b>	15,000
Bank overdraft, repayment on demand	–	5,857
	<b>15,000</b>	<u>20,857</u>

The bank borrowings are at floating rate which carry interest at HK\$ Best Lending Rate minus a spread. The effective interest rate on the Group's bank borrowings were 1.90% (2020: 3.80%) per annum as at 31 March 2021.

At 31 March 2021, bank borrowings of HK\$15,000,000 (2020: HK\$20,857,000) were secured by leasehold land and building owned by the Group with the carrying amount of HK\$29,790,000 (2020: HK\$30,982,000) and corporate guarantee provided by the Group's companies.

## 25. PROVISION FOR REINSTATEMENT

	<i>HK\$'000</i>	
At 31 March 2019 and 1 April 2019		2,776
Provisions recognised		300
Utilisation of provision		<u>(650)</u>
At 31 March 2020 and 1 April 2020		2,426
Reversal of provision		(430)
Utilisation of provision		<u>–</u>
At 31 March 2021		<u>1,996</u>
	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Analysed for reporting purpose as:		
Non-current liabilities	<b>1,776</b>	2,226
Current liabilities	<b>220</b>	200
	<b>1,996</b>	<u>2,426</u>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 26. LEASE LIABILITIES

	<i>HK\$'000</i>
At 1 April 2019	(76,632)
Additions	(8,074)
Early termination of leases	6,646
Interest expenses	(2,353)
Lease payments	18,127
Rent concession	<u>757</u>
At 31 March 2020 and 1 April 2020	(61,529)
Early termination of lease	10,576
Interest Expenses	(1,879)
Lease payments	16,260
Rent Concession	<u>1,589</u>
At 31 March 2021	<u><u>(34,983)</u></u>

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current liabilities	<b>11,984</b>	19,267
Non-current liabilities	<b>22,999</b>	42,262
	<u><b>34,983</b></u>	<u>61,529</u>

### Present value of minimum lease payments

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within one year	<b>11,984</b>	19,267
More than one year, but not later than two years	<b>11,056</b>	17,494
More than two years, but not later than five years	<b>11,943</b>	24,452
More than five years	–	316
	<u><b>34,983</b></u>	<u>61,529</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 26. LEASE LIABILITIES *(Continued)*

### Total minimum lease payments

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within one year	13,016	21,121
More than one year, but not later than two years	11,693	18,707
More than two years, but not later than five years	12,248	25,403
More than five years	–	320
	<u>36,957</u>	<u>65,551</u>
Less: total future interest expenses	<u>(1,974)</u>	<u>(4,022)</u>
	<u><u>34,983</u></u>	<u><u>61,529</u></u>

## 27. SHARE CAPITAL

Details of the Company's shares are disclosed as follows:

	Number of shares	Share Capital <i>HK\$'000</i>
<b>Authorised:</b>		
At 1 April 2019, 31 March 2020 and 31 March 2021	<u>2,000,000,000</u>	<u>20,000</u>
<b>Issued and fully paid:</b>		
At 1 April 2019 and 31 March 2020	800,000,000	8,000
Placing of shares <i>(note)</i>	<u>160,000,000</u>	<u>1,600</u>
At 31 March 2021	<u><u>960,000,000</u></u>	<u><u>9,600</u></u>

*Note:* On 16 October 2020, the Company entered into the placing agreement with a placing agent pursuant to which the placing agent has agreed, as agent of the Company, to procure to not less than six placees to subscribe for up to 160,000,000 placing shares at the placing price of HK\$0.052 per placing share. The placing of shares was completed on 2 November 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 28. DEFERRED TAX (ASSETS)/LIABILITIES

The following are the major deferred tax (assets)/liabilities recognised and movements thereon during the current and prior years.

	<b>Acceleration accounting depreciation</b> <i>HK\$'000</i>	<b>Acceleration tax depreciation</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2019	(95)	812	717
Charge to profit or loss	–	(109)	(109)
At 31 March 2020 and 1 April 2020	(95)	703	608
Credit to profit or loss	–	(16)	(16)
At 31 March 2021	<u>(95)</u>	<u>687</u>	<u>592</u>

The following is the analysis of the deferred tax balances for financial reporting purposes:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Deferred tax assets	<b>(95)</b>	(95)
Deferred tax liabilities	<b>687</b>	703
	<b><u>592</u></b>	<u>608</u>

At the end of the reporting period, the Group has unused tax losses of approximately HK\$33,606,000 (31 March 2020: HK\$30,718,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 29. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Share Option Scheme") was approved and adopted in compliance with Chapter 23 of the GEM Listing Rules by the written resolutions of the shareholders passed on 29 January 2018. The purpose of the Share Option Scheme is for the Group to attract, retain and motivate talented Participants (as defined below) to strive for future developments and expansion of the Group.

The board of directors (the "Board") may, at its discretion, invite:

- any executive or non-executive director including any independent non-executive director or any employee (whether full-time or part-time) of any member of the Group;
- any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of the Group;
- any adviser or consultant (in the areas of legal, technical, financial or corporate management) to the Group;
- any provider of goods and/or services to the Group; or
- any other person who the Board considers, in its sole discretion, has contributed to the Group to take up options (together, the "Participants").

The subscription price for the shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Participant and shall be no less than the highest of the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date on which an option is granted and the nominal value of a share on the date of the offer.

Offer of an option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

An option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

The Share Option Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, after which period no further options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

During the year ended 31 March 2021 and 2020, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 30. DISPOSAL OF SUBSIDIARIES

### For the year ended 31 December 2020

#### (i) *Art Capital Limited*

On 1 April 2020, the Group disposed of its entire equity interest in Art Capital Limited, at an aggregate cash consideration of HK\$1. The disposal of Art Capital Limited was completed on 1 April 2021 and upon completion of the disposal, Art Capital Limited ceased to be a wholly-owned subsidiary of the Group. The net liabilities disposed of are as follows:

#### (ii) *Glory Fine Corporation Limited*

On 23 February 2021, the Group disposed of its entire equity interest in Glory Fine Corporation Limited, at an aggregate cash consideration of HK\$1. The disposal of Glory Fine Corporation Limited was completed on 23 February 2021 and upon completion of the disposal, Glory Fine Corporation Limited ceased to be a subsidiary of the Group which the group held 54% of equity interest. The net asset disposed of are as follows:

	<b>Glory Fine Corporation Limited</b> <i>HK\$</i>	<b>Art Capital Limited</b> <i>HK\$</i>	<b>Total</b> <i>HK\$</i>
<b>Analysis of assets and liabilities over which control was lost:</b>			
Other receivables	260	–	260
Bank balances and cash	10	11	21
Tax recoverable	73	13	86
Other payables	(53)	(610)	(663)
	<u>290</u>	<u>(586)</u>	<u>(296)</u>
<b>Analysis of gain or loss on disposal:</b>			
Cash consideration received or to be received	–	–	–
Net (asset)/liabilities disposed of	(290)	586	296
Non-controlling interest	133	–	133
	<u>(157)</u>	<u>586</u>	<u>429</u>
<b>Analysis of cash and cash equivalents in respect of the disposal:</b>			
Cash consideration received or to be received	–	–	–
cash and bank balances disposed	10	11	21
	<u>10</u>	<u>11</u>	<u>21</u>
Net cash inflow of cash and cash equivalents	<u>10</u>	<u>11</u>	<u>21</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 31. RETIREMENT BENEFITS SCHEMES

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

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

The contributions paid and payable to the schemes by the Group are disclosed in note 9.

## 32. 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 debt, which includes bank borrowings as disclosed in respective note, and equity attributable to owners of the Company, comprising issued share capital, other reserves and accumulated profits.

The directors of the Company reviews the capital structure regularly. As part of this review, the directors of the Company considers the cost of capital and the risk 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, issuance of new shares and the raise of borrowings or the repayment of the existing borrowings.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 33. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2021 HK\$'000	2020 HK\$'000
<b>Financial assets</b>		
Financial assets measured at amortised cost		
– Trade and other receivables and deposits	11,751	8,883
– Amount due from an associate	–	1,500
– Bank balances and cash	12,811	2,987
	<u>24,562</u>	<u>13,370</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost		
– Trade and other payables and accruals	8,367	14,540
– Lease liabilities	34,983	61,529
– Bank borrowings	15,000	20,857
	<u>58,350</u>	<u>96,926</u>

### (b) Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables and deposits, amount due from a related party, amount due from an associate, bank balances and cash, trade and other payables and accruals, lease liabilities and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### **Interest rate risk**

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 20) and bank borrowings (note 24). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arises.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 33. FINANCIAL INSTRUMENTS *(Continued)*

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

#### ***Sensitivity analysis***

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

If interest rates have been 50 basis points higher/lower for variable-rate bank borrowings and all other variables were held constant, the Group's profit for the year ended 31 March 2021 would increase/decrease by HK\$750,000 (2020: loss for the year would increase/decrease by HK\$104,000).

#### ***Credit risk***

The Group's credit risk is primarily attributable to trade and other receivables and deposits, amount due from a related party, amount due from an associate and bank balances.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position at the end of each reporting period.

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

The Group has concentration of credit risk on bank. Details of bank balances is disclosed in note 20. The management of the Group considers the counterparties with good credit worthiness based on their past repayment history and subsequent settlement.

The credit risk on other financial assets are limited because the counterparties are creditworthiness and have a strong capacity to meet its contractual cash flow obligations in the near term.

#### ***Liquidity risk***

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 33. FINANCIAL INSTRUMENTS *(Continued)*

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

#### *Liquidity risk (Continued)*

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

#### *Liquidity tables*

	Weighted average effective interest rate %	Repayable on demand HK\$'000	Within 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
As at 31 March 2021							
Non-derivative financial liabilities							
Trade and other payables and accruals	–	–	8,367	–	–	8,367	8,367
Lease liabilities	3.50	–	13,016	23,941	–	36,957	34,983
Bank borrowings	1.90	–	15,000	–	–	15,000	15,000
		–	<u>36,383</u>	<u>23,941</u>	–	<u>60,324</u>	<u>58,350</u>

	Weighted average effective interest rate %	Repayable on demand HK\$'000	Within 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
As at 31 March 2020							
Non-derivative financial liabilities							
Trade and other payables and accruals	–	–	14,540	–	–	14,540	14,540
Lease liabilities	3.50	–	21,121	44,110	320	65,551	61,529
Bank borrowings	3.80	5,857	15,134	–	–	20,991	20,857
		5,857	<u>50,795</u>	<u>44,110</u>	<u>320</u>	<u>101,082</u>	<u>96,926</u>

The aggregate carrying amount of these bank borrowings were approximately HK\$15,000,000 (2020: HK\$20,857,000).

Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 34. 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.

	<b>Bank borrowings</b>	<b>Lease liabilities</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2019	15,000	–	15,000
Initial application of HKFRS16	–	76,632	76,632
Increase in lease liabilities from entering into new leases	–	8,074	8,074
Finance costs	744	2,353	3,097
Early termination of leases	–	(6,646)	(6,646)
Rent concession	–	(757)	(757)
Financing cash flow ( <i>Note</i> )	5,113	(18,127)	13,014
	<hr/>	<hr/>	<hr/>
At 31 March 2020 and 1 April 2020	20,857	61,529	82,386
Repayment of bank borrowings	(5,857)	–	(5,857)
Finance cost	396	1,879	2,275
Early termination of leases	–	(10,576)	(10,576)
Rent concession	–	(1,589)	(1,589)
Financing cash flow	(396)	(16,260)	(16,656)
	<hr/>	<hr/>	<hr/>
At 31 March 2021	<u>15,000</u>	<u>34,983</u>	<u>49,983</u>

*Note:* The financing cash flows represented the net amount of new bank borrowings raised, interest payment of bank borrowings, and repayment of lease liabilities including both principal and interest portions.

## 35. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2020, in addition to inception of new leases shown in note 34, the amounts of approximately HK\$3,098,000 in relation to the acquisition of property, plant and equipment were not yet settled and included in other payable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 36. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

The remuneration of directors and other members of key management during the years ended 31 March 2021 and 2020 were as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Short-term benefits	2,090	2,577
Post-employment benefits	74	71
	<u>2,164</u>	<u>2,648</u>

## 37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current asset</b>			
Investment in a subsidiary		<u>11,125</u>	<u>11,125</u>
<b>Current assets</b>			
Prepayments and other receivables		195	192
Amounts due from fellow subsidiaries		8,768	8,427
Bank balances		4,784	6
		<u>13,747</u>	<u>8,625</u>
<b>Current liabilities</b>			
Accruals		532	72
Amount due to a fellow subsidiary		1,000	990
		<u>1,532</u>	<u>1,062</u>
<b>Net current assets</b>		<u>12,215</u>	<u>7,563</u>
<b>Net assets</b>		<u>23,340</u>	<u>18,688</u>
<b>Capital and reserves</b>			
Share capital	27	9,600	8,000
Share premium and reserves		13,740	10,688
		<u>23,340</u>	<u>18,688</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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

### Movement in the Company's reserves

	Share premium <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2019	81,662	(27,660)	54,002
Loss and total comprehensive expense for the year	–	(43,314)	(43,314)
At 31 March 2020 and at 1 April 2020	81,662	(70,974)	10,688
Loss and total comprehensive expense for the year	–	(3,667)	(3,667)
Placing of shares	6,719	–	6,719
At 31 March 2021	<u>88,381</u>	<u>(74,641)</u>	<u>13,740</u>

## 38. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at the date of this report are as follows:

Name of subsidiary	Place of incorporation	Place of operation	Issued and fully paid share capital	Attributable equity interest of the Group as at 31 March			Principal activities
				2021	2020	Date of this report	
Access Gear Investment Limited	BVI	Hong Kong	United States Dollar ("USD") 10,000	100%	100%	100%	Investment holding
Access Smart Corporation Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	100%	Restaurant operations
All Happiness Limited	Hong Kong	Hong Kong	HK\$10,000	90%	90%	90%	Restaurant operations
C M of (Hong Kong) LCC Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	100%	Investment holding
Foodies Branding Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	100%	Investment holding
Foodies Group Limited	BVI	Hong Kong	USD1,000	100%	100%	100%	Investment holding
Foodies Management Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	100%	Provision of management services to group companies
Gold Pavilion Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	100%	Restaurant operations
Grace Wealth Holdings Limited	Hong Kong	Hong Kong	HK\$100	100%	100%	100%	Property investment in Hong Kong
Happy King Corporation Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	100%	Inactive
Jumbo Spirit Group Limited	BVI	Hong Kong	USD1,000	100%	100%	100%	Investment holding
Pacific Best Enterprises Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	100%	Restaurant operations
Pacific Rise Hong Kong Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	100%	Restaurant operations
Rainbow Power Holdings Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	100%	Restaurant operations

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 38. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation	Place of operation	Issued and fully paid share capital	Attributable equity interest of the Group as at 31 March			Principal activities
				2021	2020	Date of this report	
Sweetie Deli Garden Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	100%	Restaurant operations
Top Wealth International (HK) Limited	Hong Kong	Hong Kong	HK\$10	100%	100%	100%	Restaurant operations
Union Choice Limited	Hong Kong	Hong Kong	HK\$101	100%	100%	100%	Provision of food processing services to group companies
Vast Dragon Asia Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	100%	Investment holding
Wealthy Development (HK) Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	100%	Property investment in Hong Kong
Wealth Step Enterprise Limited	Hong Kong	Hong Kong	HK\$10	100%	100%	100%	Restaurant operations
Wealth Treasure Capital Investment Limited	Hong Kong	Hong Kong	HK\$100	100%	100%	100%	Restaurant operations

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

## 39. EVENT AFTER THE REPORTING DATE

Other than disclosed elsewhere in these consolidated financial statements, up to the date of this report, there is no significant event identified by the management subsequent to the reporting period.

## FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group pursuant to Rule 18.33 of the GEM Listing Rules, as extracted from the published audited consolidated financial statements or the Prospectus, is set out as follows:

	Year ended 31 March				2021 HK\$'000
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2020 HK\$'000	
Revenue	149,715	135,624	142,407	116,425	97,421
Profit (loss) before taxation	8,711	(10,539)	(15,032)	(44,710)	8,735
Income tax expense (credit)	(1,359)	(835)	(1,300)	95	16
Profit (loss) for the year	7,352	(11,374)	(16,332)	(44,615)	8,751
Attributable to:					
Owners of the Company	6,292	(12,163)	(16,087)	(44,459)	8,585
Non-controlling interests	1,060	789	(245)	(156)	166
	7,352	(11,374)	(16,332)	(44,615)	8,751
	As at 31 March				2021 HK\$'000
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2020 HK\$'000	
Assets and liabilities					
Total assets	72,588	116,640	97,693	122,177	100,157
Total liabilities	(28,995)	(33,069)	(30,804)	(100,279)	(61,410)
	43,593	83,571	66,889	21,898	38,747
Equity attributable to:					
Owners of the Company	41,432	82,622	66,348	21,889	38,793
Non-controlling interests	2,161	949	541	9	(46)
	43,593	83,571	66,889	21,898	38,747