倩碧控股有限公司
Simplicity Holding Limited

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

Annual Report
2019

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CORPORATE INFORMATION

Board of Directors	*Executive Directors* Ms. Wong Suet Hing *(Chairlady)* Ms. Wong Sau Ting Peony Mr. Wong Muk Fai Woody Mr. Ma Sui Hong 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
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	BDO Limited Certified Public Accountants 25/F, Wing On Centre 111 Connaught Road Central Hong Kong
Compliance Adviser	Dakin Capital Limited Suites 4505-06, 45/F Tower 1, Lippo Centre 89 Queensway Hong Kong

CORPORATE INFORMATION

Principal Bankers	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
Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong	Unit 13, 8/F Vanta Industrial Centre 21-33 Tai Lin Pai Road Kwai Chung, New Territories Hong Kong
Principal Share Registrar and Transfer Office	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar and Transfer Office	Tricor Investor Services Limited Level 22 (will change to Level 54 with effect from 11 July 2019), Hopewell Centre 183 Queen's Road East Hong Kong
Company Website	www.simplicityholding.com
GEM Stock Code	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 and its subsidiaries (together with the Company, the "**Group**") for the year ended 31 March 2019, together with the comparative figures for the year ended 31 March 2018.

FINANCIAL RESULTS

For the year ended 31 March 2019, the total Group revenue was approximately HK$142.4 million (2018: approximately HK$135.6 million). Loss for the year attributable to the owners of the Company was approximately HK$16.1 million (2018: Loss of approximately HK$12.2 million). The loss was mainly attributable to (i) the increase in staff costs of approximately HK$10.5 million; and (ii) the increase in food costs from 27.2% for the year ended 31 March 2018 to 28.2% for the year ended 31 March 2019; and (iii) the decrease in revenue from the Group's existing restaurants (excluding the new restaurants opened during the year) as affected by sluggish economic growth and keen competition.

BUSINESS REVIEW

As at 31 March 2019, we are operating fourteen restaurants under five brands, namely "Marsino", "Grand Avenue", "Baba Nyonya", "Beefst", and "Haha Prawn Mee". There are five restaurants under "Marsino", four restaurants under "Grand Avenue", three restaurants under "Baba Nyonya", one restaurant under "Beefst" and one restaurant under "Haha Prawn Mee".

As at 31 March 2019, our Group has closed down one restaurant following the expiry of its lease term and switched brands for 3 restaurants. In addition to the above restaurants, our Group also owns and operates a central kitchen which supplies food ingredients to our restaurants.

During the year ended 31 March 2019, we opened six restaurants, namely one "Marsino", one "Baba Nyonya", two "Beefst", and two "Haha Prawn Mee", The expansion of the number of restaurants and development of new brands could provide freshness to our customers and increase our diversification to broaden our customer bases.

The number of restaurants as at 31 March 2018, 31 March 2019 and as at the date of this report are as follows:

Restaurant	**31 March 2018**	**31 March 2019**	**Date of Report**
Marsino	4	5	5
La Dolce	2	–	–
Grand Avenue	4	4	3
Beefst	–	1	1
Haha Prawn Mee	–	1	1
Baba Nyonya	–	3	3
	10	14	13

CHAIRMAN'S STATEMENT

During the year ended 31 March 2019, a total of 2,534,463 customers patronised our restaurants, a decrease of 80,933 customers or –3.1% when compared to the year ended 31 March 2018. The average spending per customer increased from HK$51.9 to HK$56.2. The key operating information by brand are summarised as follows:

Key Operating Information by Brand

	Year ended 31 March 2019							Year ended 31 March 2018						
	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	935,864	1,589	45,725	48.9	28.8	345	8.5	1,195,297	1,708	53,607	44.8	31.4	378	7.9
La Dolce	352,271	661	17,893	50.8	27.1	71	5.9	601,544	978	29,975	49.8	30.6	383	5.0
Grand Avenue	1,035,887	1,440	60,714	58.6	42.2	387	7.5	818,555	1,254	52,042	63.6	41.5	387	7.3
Beefst	66,881	519	7,079	105.8	13.6	44	3.6	–	–	–	–	–	–	–
Haha Prawn Mee	76,988	519	6,629	86.1	12.8	82	3.2	–	–	–	–	–	–	–
Baba Nyonya	66,572	230	4,367	65.6	19.0	93	6.7	–	–	–	–	–	–	–
	2,534,463	4,958	142,407	56.2	28.7	1,022	5.9	2,615,396	3,940	135,624	51.9	34.4	1,148	6.7

PROSPECTS

The food and beverage sector is facing tremendous challenges including increasing competition as there are many new entrants entered the market in every year as generally speaking it does not require highly specialized skills to operate a restaurant; price war is a very common technique used by many restaurant operators in order to gain more market share; other factors such as labor shortage and the rise of the rent would also increase the difficulties to operate restaurant business in Hong Kong. In view of that, our Group has expanded our restaurant portfolio by introducing new brands, namely "Beefst", "Haha Prawn Mee" and "Baba Nyonya" during the year with the hope to gain more market share.

In addition, a wholly-owned subsidiary of our Group had entered into a joint venture agreement (the "**JV Agreement**") and a joint venture company (the "**JV Company**") was formed. This JV Company operates cold storage business and we are optimistic as to the prospect of the JV Company. For further details, please refer to section "Use of Proceeds from the IPO" and our Company's announcement made on 18 April 2019 (the "**18 April 2019 Announcement**").

The Group will continue to closely supervise the cost structure and reduction in spending in order to improve efficiency and increase the revenue, and ultimately create additional value for the shareholders of the Company.

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, 18 June 2019

HIGHLIGHTS

FINANCIAL SUMMARY

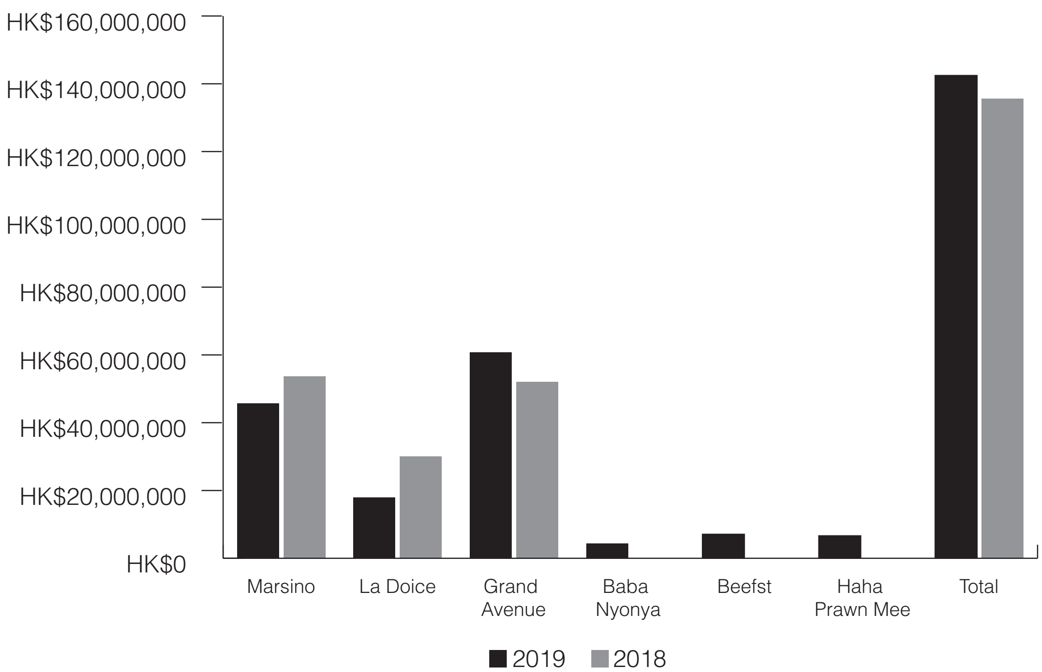
CONSOLIDATED RESULTS

	2019 *HK$'000*	2018 *HK$'000*
Revenue	**142,407**	135,624
Loss before tax	**(15,032)**	(10,539)
Loss and total comprehensive expense for the year attributable to owners of the Company	**(16,087)**	(12,163)

ASSETS AND LIABILITIES

	2019 *HK$'000*	2018 *HK$'000*
Assets		
Non-current assets	**65,901**	57,563
Current assets	**31,792**	59,077
Total assets	**97,693**	116,640
Liabilities		
Non-current liabilities	**17,728**	16,600
Current liabilities	**13,076**	16,469
Total liabilities	**30,804**	33,069
Total equity	**66,889**	83,571
Total equity and liabilities	**97,693**	116,640
Net current assets	**18,716**	42,608
Total assets less current liabilities	**84,617**	100,171

Total Revenue by Brand



GEOGRAPHICAL COVERAGE

OUR RESTAURANT LEASES

Brand	# of Stores	Existing Location	Mall Operator	Lease Expiry Date	Option to Renew (Yrs)	Seats	FEHD Licensed Area (Sq M)
Marsino	5	Amoy Plaza, Ngau Tau Kok	Hang Lung	15/12/2023	None	60	90.2
		Tsing Hoi Circuit, Tuen Mun	Street front	31/8/2019	None	68	117.0
		Metro Town, Tiu Keng Leng	Fortune REIT	14/7/2019	3	86	149.7
		Fortune Kingswood, Tin Shui Wai	Fortune REIT	31/5/2020	None	64	108.6
		Wan Tsui Shopping Centre, Chai Wan	Link REIT	13/9/2024	None	67	144.4
Grand Avenue	3	Metro Town, Tiu Keng Leng	Fortune REIT	14/7/2019	3	74	149.7
		MOS Town, Ma On Shan	Henderson	31/8/2020	3	104	182.9
		Tseung Kwn O Plaza, TKO	Nan Fung	1/11/2021	None	93	149.9
Baba Nyonya	3	Nathan Road, Mongkok	Street front	15/8/2020	2	41	93.1
		MOS Town, Ma On Shan	Henderson	25/3/2021	3	52	104.9
		Tseung Kwn O Plaza, TKO	Nan Fung	1/11/2021	None	67	149.9
Beefst	1	T.O.P This is Our Place, Mongkok	Link REIT	8/4/2021	3	44	113.0
Haha Prawn Mee	1	T.O.P This is Our Place, Mongkok	Link REIT	8/4/2021	3	82	113.0

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Hong Kong is being well known as the food paradise in the world as there is an array of types of food and a wide range of restaurants can be founded locally. According to the Census & Statistics Department of the Government of Hong Kong, food establishments in Hong Kong continued to enjoy a steady stream of business after restaurant receipts rose 2.2% to approximately HK$30.4 billion in the fourth quarter of 2018 to extend their positive streak for another quarter. Total purchases also rose by 1.7% to HK$9.6 billion. Non-Chinese restaurants outdid bars and other food and beverage segments in the fourth quarter of 2018. However, Chinese restaurants had a weak quarter after receipts fell 0.8% in value and 3.2% in volume.

Although there are some positive results in the food and beverage industry, but it is also affected by the rising food costs, labour costs, rental expenses and competition factors, the industry are facing challenges both internally and externally, and as a consequence, restaurants are opening and closing at a fast pace.

To operate in such a difficult business environment, our Group needs to maximise its strength and overcome its weaknesses. To remain competitive, we need to provide good and stable food quality and control operating costs. Introducing new dishes in our food menu could attract more customers as people tends to try new things. In addition, we will continue to work closely with social media and other business partners to offer promotions and to attract media attention, since more people rely on the reviews and star-rating provided by the social media before they make the decision to choose which restaurants to dine in.

BUSINESS OVERVIEW

We are a casual dining full service restaurant operator and up to the date of this report, we are operating 13 restaurants under 5 brands, namely "Marsino", "Baba Nyonya", "Grand Avenue", "Beefst" and "Haha Prawn Mee", and they are all situated across Hong Kong, Kowloon and the New Territories. During the year, our Group has closed down a restaurant, namely Shatin La Dolce, upon the expiry of its lease term. We also changed the brand from "La Dolce" to "Baba Nyonya" for our restaurant in Tseung Kwan O. Since then, "La Dolce" has become the history of our Group and we will reallocate the resources to focus on our remaining 5 brands.

"Marsino" is a Chinese noodle specialist, "Grand Avenue" offers Thai cuisine, "Beefst" offers Japanese cuisine while "Haha Prawn Mee" and "Baba Nyonya" offers Malaysian cuisine. Each of "Marsino", "Grand Avenue", "Haha Prawn Mee" and "Baba Nyonya" are founded and operated by our Group, while "Beefst" is a franchise brand and we obtained the franchise right from the franchisor in Japan in November 2017.

In November 2018, we have opened a rebranded "Marsino" restaurant in Chai Wan and this rebranding strategy has increased the average spending per customer for "Marsino" due to redesign of restaurant menu which provides more variety of choices to our customers. The popular items are retained in the menu while unpopular items are gone. In addition, the menu has injected new elements such as Taiwanese-style noodles which have received many positive comments from our customers.

“Marsino” had recorded revenue of approximately HK$45.7 million during the year ended 31 March 2019, which is equivalent to 32.1% of our total revenue. As compared to the last corresponding period, “Marsino” has experienced a decrease in revenue by 14.7%.

“La Dolce” had recorded revenue of approximately HK$17.9 million during the year ended 31 March 2019, which is equivalent to 12.6% of our total revenue. As compared to the last corresponding period, “La Dolce” has experienced a decrease in revenue by 40.3%.

“Grand Avenue” had recorded revenue of approximately HK$60.7 million during the year ended 31 March 2019, which is equivalent to 42.6% of our total revenue. As compared to the last corresponding period, “Grand Avenue” has experienced an increase in revenue by 16.7%.

“Baba Nyonya” had recorded revenue of approximately HK$4.4 million during the year ended 31 March 2019, which is equivalent to 3.1% of our total revenue. As “Baba Nyonya” was newly started in August 2018, there was no corresponding period in the previous year.

“Beefst” had recorded revenue of approximately HK$7.1 million during the year ended 31 March 2019, which is equivalent to 5.0% of our total revenue. As “Beefst” was newly started in May 2018, there was no corresponding period in the previous year.

“Haha Prawn Mee” had recorded revenue of approximately HK$6.6 million during the year ended 31 March 2019, which is equivalent to 4.7% of our total revenue. As “Haha Prawn Mee” was newly started in May 2018, there was no corresponding period in the previous year.

In addition to the above restaurants, our group also owns and 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.

FUTURE PROSPECTS

The food and beverage sector is characterised by intense competition, high operational costs primarily in rental, labour and food materials and low entry barrier. Our success is heavily dependent on the food quality, cost of operating restaurants and economic conditions of Hong Kong.

Our Group’s key risk exposures and uncertainties are summarised as follows:

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. Recently the Hong Kong government announced that the minimum wage will be raised from HK$34.5 to HK$37.5 per hour, effective on 1 May 2019, this change of regulatory policy would adversely affect our business.

For further details on the risks and uncertainties faced by our Group, please refer to the section headed "Risk Factors" of the prospectus of the Company dated 6 February 2018 (the "**Prospectus**").

In order to improve the overall business of the Group, the Company plans to:

1. Expand the restaurant network – the Group is exploring the opportunities to further develop its brands in different locations. During the year and up to the date of this report, the Company has signed an offer letter with the landlord to secure a place in Ngau Tau Kok and expect to open a new restaurant under the brand "Baba Nyonya" in October 2019. In addition to that, the Company has received tenancy offers from landlords and property agencies from time to time and the Company will make assessment on each location to determine whether the offers shall be accepted. The Company believes that by leveraging its core competencies to further expand the network of its existing brand, additional profits can be generated with relatively lower risks taken as compared to the risk of developing a new brand.

2. Exercise option for renewal of existing lease – most of the existing tenancy agreements of the Group include an option to renew the leases and the Company will conduct a financial analysis taking into account factors such as business forecasts for the relevant restaurants to determine whether it should exercise the relevant renewal option.

3. Rebranding – the Group is in progress to revamp its brand "Marsino" with the aim to reach out to new potential customers by providing a new look to them. Rebranding can also rejuvenate the brand image since the logo, colour scheme, and theme of the new restaurant are completed redesigned. The restaurant menu was also redesigned to include new elements such as Taiwanese beef noodle while retaining the popular food items. The first rebranded "Marsino" was launched at Chai Wan in November 2018 and the Company will continue to explore opportunities to further develop its rebranding strategy.

4. Closure of restaurants – during the year and up to the date of this report, the Group has closed down two restaurants, namely Shatin La Dolce and Tsuen Wan Grand Avenue, upon the expiry of their lease terms. Given the adverse impact of their financial performance on the Group's overall financial performance, the Directors were of the view that it would be in the best interest of the Group to close down these two restaurants and divert the existing resources to the other restaurants of the Group.

5. Brand switching – during the year the Group has switched the brands from "Beefst" and "Haha Prawn Mee" to "Baba Nyonya" for the restaurants located at Ma On Shan, as well as switching the brand from "La Dolce" to "Baba Nyonya" for the restaurant located at Tseung Kwan O as the "Baba Nyonya" brand is expected to bring more business to the Group given that Malaysian cuisine has less competition with affordable prices in the regions where the above two restaurants are situated. In addition, by closing down the last "La Dolce" restaurant, the Group can reduce its operating costs by managing fewer food ingredients and cuisines, as well as handling less marketing materials and menu design.

6. Improvement of IT systems – the Group is in progress to upgrade its ERP system which can integrate the procurement, supply chain management, inventory management, sales management, POS data and finance functions altogether at a centralised location for increased collaboration and more streamlined completion of tasks. This complete visibility provides more coherent workflows and allows inter-departmental processes to be easily tracked with maximum efficiency.

7. Diversify into cold storage business by forming a JV Company in which 50% of its ownership is held by our wholly-owned subsidiary. As at the date of this report, this JV Company was formed, and which is currently operating the cold storage business.

We believe value-for-money is the key to our success, customers need to feel that they are getting their money's worth of quality food as well as high standard of services, but we will not rest on our laurels and will continue to improve our food quality and services.

FINANCIAL REVIEW

Revenue

As at 31 March 2019, the Group was operating fourteen (2018: ten) restaurants, of which six (2018: one) restaurants were newly opened and one restaurant was closed down during the year ended 31 March 2019 (2018: two). Among the six newly opened restaurants, two of them, namely Ma On Shan Beefst and Ma On Shan Haha Prawn Mee were closed in January 2019 due to their unsatisfactory performance and rebranded them to one single brand "Baba Nyonya", this restaurant was opened in March 2019.

The revenue of the Group increased by approximately 5.0% from approximately HK$135.6 million for the year ended 31 March 2018 to approximately HK$142.4 million for the year ended 31 March 2019. The increase in revenue was primarily attributed to the commencement of the businesses of six new restaurants, in which two of them were opened at Ma On Shan ("Beefst", "Haha Prawn Mee"), three of them were opened at Mongkok ("Beefst", "Haha Prawn Mee" and "Baba Nyonya") and one was opened at Chai Wan ("Marsino").

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$36.9 million and HK$40.2 million for each of the year ended 31 March 2018 and 2019, respectively, representing approximately 27.2% and 28.2% of the Group's total revenue for the corresponding periods. Such increase was mainly due to the increase in the cost of food ingredients as well as we need to reserve more food ingredients for the preparation of the opening of our six new restaurants. To reduce the food cost, we will continue to monitor and control our food cost and will implement key measures to control the food preparation process in order to reduce the material loss. In addition, the continued use of the Group's central kitchen will help to reduce the cost associated with food processing.

Staff costs

Staff costs was approximately HK$59.4 million for the year ended 31 March 2019, representing an increase of approximately 21.5% as compared to approximately HK$48.9 million for the year ended 31 March 2018. Such increase was mainly due to the expansion of the restaurant portfolio of the Group and the increase in the number of staff in relation thereto.

Due to general increase in labour costs in Hong Kong, the salary level of employees in the food and beverage industry in Hong Kong has generally increased in recent years. The Directors expect the staff costs to continue to increase as inflationary pressures in Hong Kong continue to drive up.

The Directors recognise the importance of retaining quality staff while believe that the resulting upward pressure on the total staff costs as a percentage of total revenue could be mitigated by (1) prioritizing internal transfers and re-allocations of employees from existing restaurants; (2) increasing productivity of the staff by providing training; and (3) minimising attrition levels by continuing to implement various employee retention initiatives to promote employee loyalty and motivate the employees.

Other expenses

The Group's other expenses increased by approximately 44.7% from approximately HK$8.1 million for the year ended 31 March 2018 to approximately HK$11.7 million for the year ended 31 March 2019. Such increase was mainly due to the increase in legal and professional fees incurred after the listing for the services of compliance adviser and share registrars, fees to expand the storage capacity of the central kitchen, audit fees, royalty expenses paid to the franchisor in Japan for using their franchise right to operate "Beefst" restaurants in Hong Kong and other operating expenses associated with the opening of the six new restaurants during the year.

Listing expenses

There was no listing expense incurred during the year as compared to approximately HK$14.0 million for the year ended 31 March 2018.

Loss attributable to owners of the Company

For the year ended 31 March 2019, the Group recorded a loss attributable to owners of the Company of approximately HK$16.1 million, as compared to loss of approximately HK$12.2 million for the year ended 31 March 2018. The loss for the year ended 31 March 2019 was mainly attributable to (1) the large pre-opening expenses and the operating losses incurred for the six newly opened restaurants in 2018, namely Ma On Shan Beefst, Ma On Shan Haha Prawn Mee, Mongkok Beefst, Mongkok Haha Prawn Mee, Mongkok Baba Nyonya and Chai Wan Marsino. The loss before tax incurred by these six restaurants were approximately HK$6.5 million during the year; (2) increase in raw materials and consumables used, mainly food costs, from approximately 27.2% to 28.2% of our revenue; (3) increase in staff costs of approximately HK$10.5 million resulting from increase in the number of restaurants being operated by the Group; (4) increase in rental and related expenses due to expansion of the number of restaurants and the increase in rental rates charged by the landlords; and (5) increase in other expenses as explained on the above section headed "Other expenses". The Group will continue to closely monitor the performance of its restaurants, formulate adequate strategies and strike a balance between improving the financial performance of the restaurants and providing enjoyable dining experiences at reasonable prices.

Dividend

The Board does not recommend any payment of dividend for year ended 31 March 2019 (2018: 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.

CAPITAL COMMITMENTS

As at 31 March 2019, the Group's outstanding capital commitments were approximately HK$0.2 million which were mainly made up of contracted/authorised commitments in respect of the acquisition of fixed assets raised from the newly opened restaurants.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any material contingent liabilities.

CHARGE ON GROUP ASSETS

At 31 March 2019 and 31 March 2018, bank borrowings of HK$15,000,000 were secured by leasehold land and building owned by the Group with the carrying amount of HK$32,594,000.

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

There was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during the year ended 31 March 2019. However, as disclosed in the 18 April 2019 Announcement, a wholly-owned subsidiary of the Company will inject capital contribution towards the JV Company for an amount of approximately HK$15.0 million. As at the date of this report, this capital contribution is fully utilised as most of it was using to pay the rental deposit for leasing the cold storage facilities by the JV Company. Save as disclosed above, the Group had no other plan for material investment or capital assets as at 31 March 2019.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Wong Suet Hing (黃雪卿) ("Ms. SH Wong"), aged 66, 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. MF Wong and an aunt of Mr. SH Ma.

Ms. Wong Sau Ting Peony (王秀婷) ("Ms. ST Wong"), aged 44, 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 Muk Fai Woody (黃木輝) ("Mr. MF Wong"), aged 57, is our executive Director. He is primarily responsible for overseeing the restaurant operations of our Group as well as developing restaurants in different cuisines and to ensure the quality of our products. Mr. MF Wong has nearly 40 years of experience in this industry, since the 1960s when he was working in the dai pai dong known as Sui Yuen in To Kwa Wan. He is the brother of Ms. SH Wong. He is also the uncle of Ms. ST Wong and Mr. SH Ma.

Mr. Ma Sui Hong (馬瑞康) ("Mr. SH Ma"), aged 36, is our executive Director. He is primarily responsible for our Group's customer services and human resources operations. Mr. SH Ma is also responsible for the provision of staff training and adjusting the number of staff to reflect the business needs of each restaurants. He graduated from University of Wollongong in Australia with a degree in bachelor of commerce in logistics in July 2006 and a master degree of science in management (human resources management) in The Hong Kong Polytechnic University in December 2017. He is the nephew of Ms. SH Wong and Mr. MF Wong and cousin of Ms. ST Wong.

Mr. Wong Chi Chiu Henry (黃智超) ("Mr. Wong"), aged 43, 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 43, 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, and Koala Financial Group Limited (stock code: 8226), the issued shares of which are listed on GEM of the Stock Exchange.

Mrs. Cheung Lau Lai Yin Becky（張劉麗賢）("Mrs. Cheung"), aged 59, 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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yu Ronald Patrick Lup Man（余立文）("Mr. Yu"), aged 48, 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 the responsible officer of Zeus Asset Management Limited.

SENIOR MANAGEMENT

Mr. Cheung Shing Kang（張成耕）("Mr. SK Cheung"), aged 62, joined our Group on 1 July 2017 as Business Development Manager is mainly responsible for developing Japanese restaurant operations for us. Mr. SK Cheung has nearly 36 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 60, 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 nearly 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.

INTRODUCTION

The Board and the senior management of the Company is committed to achieving high standards of corporate governance by emphasizing 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 2019 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

At present, the Board comprises eight Directors as follows:

Executive Directors:

Ms. Wong Suet Hing *(Chairlady)*

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

Mr. Wong Muk Fai Woody

Mr. Ma Sui Hong

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. Wong Suet Hing, the chairlady of the Company, is responsible for overseeing the overall operations and procurement of the Group. While our chief executive officer, Ms. Wong Sau Ting Peony 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.

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. 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 2019.

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. 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). For details of the Deed of Non-Competition, please refer to the section headed "Relationship with Controlling Shareholders" in the Prospectus.

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 2019. 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 2019.

The following corporate governance measures have been adopted to monitor the compliance of the Deed of Non-Competition for the year ended 31 March 2019:

(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 2019; 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 2019.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 March 2019, 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 for 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.

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 2019 is as follows:

Name of Directors	**Continuous professional development programmes**
Executive Directors	
Ms. Wong Suet Hing *(Chairlady)*	Yes
Ms. Wong Sau Tine Peony	Yes
Mr. Wong Muk Fai Woody	Yes
Mr. Ma Sui Hong	Yes
Mr. Wong Chi Chiu Henry	Yes
Independent non-executive Directors	
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.

BOARD MEETINGS

The Board meets regularly, and at least four times a year, in person or by telephone of 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 2019, the Board convened a total of five meetings in person or by means of electronic communication. Attendance of each Director at the Board meetings is set out below:

Name of Directors	**Board Meeting Attended/Held**
Executive Directors	
Ms. Wong Suet Hing *(Chairlady)*	5/5
Ms. Wong Sau Tine Peony	5/5
Mr. Wong Muk Fai Woody	2/5
Mr. Ma Sui Hong	5/5
Mr. Wong Chi Chiu Henry	5/5
Independent non-executive Directors	
Ms. Ng Yau Kuen Carmen	5/5
Mrs. Cheung Lau Lai Yin Becky	5/5
Mr. Yu Ronald Patrick Lup Man	5/5

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.

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 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.

During the year ended 31 March 2019, the Remuneration Committee convened three committee meetings. Attendance of each Remuneration Committee member is set out below:

Name of Directors	**Remuneration Committee Meeting Attended/Held**
Independent non-executive Directors	
Mrs. Cheung Lau Lai Yin Becky *(Chairlady)*	3/3
Ms. Ng Yau Kuen Carmen	3/3
Mr. Yu Ronald Patrick Lup Man	3/3
Executive Directors	
Ms. Wong Suet Hing	3/3
Ms. Wong Sau Tine Peony	3/3

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.

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.

During the year ended 31 March 2019, the Nomination Committee convened one committee meetings. Attendance of each Nomination Committee member is set out below:

Name of Directors	**Nomination Committee Meeting Attended/Held**
Independent non-executive Directors	
Mr. Yu Ronald Patrick Lup Man *(Chairman)*	1/1
Mrs. Cheung Lau Lai Yin Becky	1/1
Ms. Ng Yau Kuen Carmen	1/1
Executive Directors	
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

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 2019, the Audit Committee convened 6 committee meetings. The Audit Committee had reviewed the Group's annual results and annual report for the year ended 31 March 2018, first quarterly results for the three months ended 30 June 2018, interim results for the six months ended 30 September 2018, and third quarterly results for the nine months ended 31 December 2018 and discussed internal controls, risk management and financial reporting matters. Attendance of each Audit Committee member is set out below:

Name of Directors	**Audit Committee Meeting Attended/Held**
Independent non-executive Directors	
Ms. Ng Yau Kuen Carmen *(Chairlady)*	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.

With effect from 8 April 2019, Deloitte Touche Tohmatsu ("**DTT**") has resigned as the auditors of the Company as the Company and DTT were unable to agree on the audit fee for the financial year ended 31 March 2019. Following the resignation of DTT, BDO Limited ("**BDO**") has been appointed as the new auditors of the Group with the recommendation of the Audit Committee. Considering that DTT has been the auditors of the Group since 2018, the Board and the Audit Committee took the view that a change of auditors demonstrates a good corporate governance practice.

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.

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 and the Company's website 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 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 relating to operations, reporting and compliance. 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.

The Board conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, with a view to ensuring that resources of the Group are adequate.

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

The Directors consider that the Group has implemented appropriate procedures safeguarding the Group's assets against unauthorized use or misappropriation, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors understand and acknowledge their responsibility for ensuring that the financial statements for each financial year are prepared to give a true and fair view of the state of affairs, profitability and cash flow of the Group in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In preparing the financial statements of the Group for the year ended 31 March 2019, the Directors have adopted appropriate and consistent accounting policies and made prudent and reasonable judgements and estimations. 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.

AUDITOR'S REMUNERATION

The Group's independent external auditor is BDO Limited. The remuneration for the audit and non-audit services provided by BDO to the Group during the year ended 31 March 2019 was approximately as follows:

Type of Services	**Amount**
	HK$'000
Audit	830
Non-audit services	–
Total	830

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 2019, 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.

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 37 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 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 9 to 14 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 2019 and the financial position of the Group as at that date is set out in the consolidated financial statements on pages 52 to 111.

The Directors did not recommend the payment of any dividend in respect of the year ended 31 March 2019.

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 7 of the Annual Report.

CAPITAL STRUCTURE

The change in the capital structure of the Group from 31 March 2018 to 31 March 2019 are set out in note 25 to the consolidated financial statements.

Financial Resources and Liquidity

As at 31 March 2019, current assets amounted to approximately HK$31.8 million (as at 31 March 2018: approximately HK$59.1 million), of which approximately HK$21.8 million (as at 31 March 2018: approximately HK$49.2 million) was bank balances and cash, approximately HK$7.6 million (as at 31 March 2018: approximately HK$6.7 million) was trade and other receivables, deposits and prepayments. The Group's current liabilities amounted to approximately HK$13.1 million (as at 31 March 2018: approximately HK$16.5 million) which primarily consisted of trade and other payables and accrued charges in the amount of approximately HK$12.2 million (as at 31 March 2018: approximately HK$14.2 million). 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 2.4 and 2.4 respectively (as at 31 March 2018: 3.6 and 3.5 respectively). Gearing ratio is calculated based on the borrowings representing the sum of interest-bearing bank borrowings divided by total equity at the end of the year and multiplied by 100%. Gearing ratio was 22.4% (as at 31 March 2018: 17.9%). Unutilised banking facilities amounted to HK$10.0 million (as at 31 March 2018: HK$10.0 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, in the 18 April 2019 Announcement and in this Annual Report, the Group did not have other plans for material investments or capital assets as of 31 March 2019.

Comparison of Business Strategies and Actual Business Progress

An analysis comparing the business strategies as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 March 2019 is set out below:

Business Strategies	Actual Progress
Opening of three new Japanese ramen restaurants	We had opened two new Japanese ramen restaurants in Ma On Shan in May 2018 and in Mongkok in June 2018 respectively. Reference is also made to the 18 April 2019 Announcement. As set out in such announcement, with a view to better deploy the resources of the Group, the Board has decided to re-allocate the remaining net proceeds from the listing of the Company's shares in February 2018, with the original plan to open the third and the fourth Japanese ramen restaurants, towards the Group's investment commitment to the JV Company.

Business Strategies	Actual Progress
Expanding our central kitchen storage facilities	The Group has partially expanded the central kitchen storage facilities by purchasing new equipment and renting additional spaces for storage facilities. As refer to the 18 April 2019 Announcement, in view of our implementation plan on opening of the remaining two Japanese ramen restaurants and Grand Avenue has been changed, there is no immediate need to further expand our central kitchen storage facilities. As such, the Board has decided to re-allocate the remaining net proceeds from the listing of the Company's shares in February 2018, with the original plan to expand the central kitchen storage facilities, towards the Group's investment commitment to the JV Company.
Upgrading computer system	We had partially upgraded our computer system and the process is ongoing
Opening of one new Grand Avenue restaurant	As at the date of this report, the Company has not yet identified a suitable location for the opening of the new Grand Avenue restaurant despite its ongoing effort to negotiating with different landlords and property agencies regarding the availability of a prime location to open the restaurant with lower prices and less competition. Reference is also made to the 18 April 2019 Announcement. As set out in such announcement, the Board has been monitoring the market performance of Thai cuisine in Hong Kong and the Board considers that the competition for Thai cuisine in Hong Kong is very strong and the revenue of the Group's Thai cuisine business has been declining. As such, the Board has decided to re-allocate the HK$4.4 million originally planned for the opening of a new Grand Avenue restaurant to be applied towards the opening of a Malay cuisine restaurant.
Opening of one new Marsino restaurant	We had opened a new Marsino restaurant in Chai Wan in November 2018
Implementing marketing and promotional initiatives	We had launched different marketing campaigns with different business partners, such as shopping mall operators and social media

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**") and the use of IPO Proceeds from the Listing Date to 31 March 2019 is set forth below:

	Planned use of IPO Proceeds up to 31 March 2019 *HK$'000*	Utilised IPO Proceeds up to 31 March 2019 *HK$'000*	Unutilised IPO Proceeds up to 31 March 2019 *HK$'000*
Opening of one new Marsino Restaurant	4,400	4,400	–
Opening of one new Grand Avenue restaurant	4,400	–	4,400
Opening of three new Japanese ramen restaurants	13,125	10,060	3,065
Expanding central kitchen storage facilities	3,500	1,419	2,081
Upgrading computer system	1,300	1,031	269
Implement marketing and promotional activities	1,000	383	617
General working capital	500	500	–
	28,225	17,793	10,432

Regarding the planned use of IPO Proceeds, reference is made to the 18 April 2019 Announcement which provided supplemental information in relation to the use of the IPO Proceeds including an explanation on and intended use of the unutilised IPO Proceeds. As set out in such announcement, the Company reallocated some of such unutilised IPO Proceeds for uses that were originally planned for opening of Japanese ramen restaurants and expansion of the Group's central kitchen storage facilities towards the Group's capital contribution to the JV Company.

The issued share capital of the JV Company is owned as to 50% by Foodies Group Limited ("**FGL**"), a wholly-owned subsidiary of the Company, as to 30%, 10% and 10% by the other three independent third parties. The JV Company will be principally engaged in cold storage business in Hong Kong and the Company is optimistic as to the prospect of the JV Company.

An analysis of the utilisation of the IPO Proceeds up to the date of 18 April 2019 Announcement is set out below:

	Original allocation as disclosed in the Prospectus of the Company	Utilisation up to the date of 18 April 2019 Announcement	Remaining unutilised balances as at the date of 18 April 2019 Announcement	Proposed revised allocation as at the date of 18 April 2019 Announcement
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Opening of one new Marsino restaurant	4,400	4,400	–	–
Opening of one new Grand Avenue restaurant	4,400	–	4,400	–
Opening of 4 new Japanese ramen restaurants	17,500	10,060	7,440	–
Expansion of central kitchen storage facilities	3,500	1,543	1,957	–
Upgrade of computer system	1,300	1,031	269	269
Marketing & promotional activities	1,000	383	617	617
General working capital	500	500	–	–
Opening of one new Malay cuisine restaurant	–	–	–	4,400
Capital contribution to JV Company	–	–	–	9,397
	32,600	17,917	14,683	14,683

The Group intends to apply the net proceeds in the manner as stated in the Prospectus.

However, the Directors will constantly evaluate the Group's business objectives and may change or modify the Group's plans against the changing market condition to attain sustainable business growth of the Group. All unutilised proceeds have been placed in licenced banks in Hong Kong.

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 25 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 55 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2019, the Company had distributable reserves of approximately HK$58.3 million (as at 31 March 2018: HK$74.6 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 2019.

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.

(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.

(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.

(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 2019, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered by the Group during the year ended 31 March 2019 are set out in note 34 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.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Dakin Capital Limited ("**Dakin Capital**") to be the compliance adviser. As informed by Dakin Capital, neither Dakin Capital nor any of its directors or employees or associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Dakin Capital dated 15 January 2019.

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

Mr. Ma Sui Hong

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.

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 2019 falls within the following band:

Remuneration band	**Number of senior management**
Up to HK$1,000,000	2
HK$1,000,000 to up to HK$1,500,000	–
Above HK$1,500,000	–

No remuneration was paid by the Group to the directors and/or the five highest paid employees of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any remuneration during the years ended 31 March 2019 and 2018.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the Senior Management of the Group are set out on pages 15 to 17 of this Annual Report.

MANAGEMENT CONTRACTS

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

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 2019.

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	% of shareholding in the associated corporation
Ms. SH Wong	MJL	Beneficial interest	620	31.0%
Ms. ST Wong	MJL	Beneficial interest	374	18.7%
Mr. SH Ma	MJL	Beneficial interest	86	4.3%
Mr. MF Wong *(Note)*	MJL	Interest of spouse	620	31.0%

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

Save as disclosed above, as at 31 March 2019, 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

As at 31 March 2019, 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 10% 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 (Note 1)	Beneficial interest	540,000,000	67.5%
Charm Dragon Investments Limited (Note 2)	Beneficial interest	60,000,000	7.5%
Mr. Cheung Wai Yin Wilson (Note 2)	Interest in controlled corporation	60,000,000	7.5%
Ms. Lam Ka Wai (Note 2)	Interest of spouse	60,000,000	7.5%

Notes:

(1) MJL is owned as to (i) 31.0% by Ms. SH Wong; (ii) 31.0% by Ms. Chow Lai Fan; (iii) 18.7% by Ms. ST Wong; (iv) 15.0% by Ms. SC Wong; and (v) 4.3% by Mr. SH Ma. 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.

Long positions in other members of our Group

Name	Name of member of our Group	Capacity/nature	No. of shares held	Approximate % of shareholding
Mr. Yau Wai Leung	All Happiness Limited	Beneficial interest	1,000	10%
Ms. Yim Wan Ying	Glory Fine Corporation Limited	Beneficial interest	20	20%
Ms. Ng Siu Ying Christina	Glory Fine Corporation Limited	Beneficial interest	20	20%

Save as disclosed above, as at 31 March 2019, 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 10% 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, 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 23.4% of our total purchases of raw materials and consumables consumed. During the same year, purchases from our largest supplier accounted for approximately 6.0% 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 2019, the total borrowing of the Group, all of which were denominated in Hong Kong dollar, amounted to approximately HK$15.0 million (2018: approximately HK$15.0 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations. Particulars of borrowings of the Group at 31 March 2019 are set out in note 22 of the consolidated financial statements.

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 2019 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 2019, the Group had 236 full-time and 114 part-time employees (as at 31 March 2018: 254 full-time and 186 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 remuneration of the Directors is determined based on, among others, the prevailing market conditions and his/her roles and responsibilities.

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

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 Thursday, 19 September 2019 to Tuesday, 24 September 2019, 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 Wednesday, 18 September 2019.

DONATIONS

During the year ended 31 March 2019, the charitable donations made by the Group amounted to approximately HK$34,700.

EVENTS AFTER THE REPORTING PERIOD

On 18 April 2019, FGL, a wholly-owned subsidiary of the Company, together with three independent third parties entered into a JV Agreement in relation to the JV Company. The JV Company entered into a lease agreement with a landlord who owns a building with cold storage facilities at Kwai Chung. Since leasing this building, the JV Company is engaged in cold storage business and the Company considers that there will be growth potential in investment of cold storage business in Hong Kong. The JV Company will allow the Group to diverse into investment in cold storage business in Hong Kong. The Company is optimistic as to the prospect of the JV Company. FGL agreed to make a capital contribution of HK$15.0 million to the JV Company.

AUDITOR

With effect from 8 April 2019, Deloitte Touche Thomatsu resigned as auditors of the Company and BDO were appointed by the Directors to fill the casual vacancy so arising. Saved for disclosed, there has been no other change in the auditors of the Company during the past three years. The financial statements have been audited by BDO who shall retire at the forthcoming AGM and, being eligible, offered themselves for re-appointment.

On behalf of the Board

WONG Suet Hing
Chairlady

Hong Kong, 18 June 2019

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF SIMPLICITY HOLDING LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Simplicity Holding Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 52 to 111, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Revenue recognition

We identified revenue recognition as a key audit matter due to the significant of amount to the consolidated financial statements and the large volume of transactions. The accounting policy of revenue recognition is disclosed in note 2a to the consolidated financial statements. As disclosed in note 3 to the consolidated financial statements, the Group's revenue for the year ended 31 March 2019 is HK$142,407,000.

Our response

Our procedures in relation to revenue from restaurant operations included:

- Obtaining an understanding of the Group's revenue recognition policy;
- Obtaining an understanding of the revenue business processes and testing key controls over revenue recognition;
- Checking recorded revenue, on a sample basis, to daily sales report and cash receipts, octopus card and credit card settlement; and
- Using data analytics tools to identify the unusal patterns of revenue and obtaining and assessing the reasonableness of the management's explanation for unusual patterns identified, if any.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 15 June 2018.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, 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.

BDO Limited
Certified Public Accountants
Lam Tsz Ka
Practising Certificate no. P06838

Hong Kong, 18 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Revenue	*6*	**142,407**	135,624
Other income	*7*	**730**	629
Other losses	*7*	**(870)**	(166)
Raw materials and consumables used		**(40,166)**	(36,874)
Staff costs		**(59,446)**	(48,943)
Depreciation		**(9,499)**	(7,515)
Rental and related expenses		**(28,556)**	(23,608)
Utilities expenses		**(7,488)**	(7,261)
Listing expenses		**–**	(14,018)
Other expenses		**(11,697)**	(8,081)
Finance costs	*8*	**(447)**	(326)
Loss before tax	*9*	**(15,032)**	(10,539)
Income tax expense	*10*	**(1,300)**	(835)
Loss and total comprehensive expense		**(16,332)**	(11,374)
Loss and total comprehensive (expense)/income for the year			
– owners of the Company		**(16,087)**	(12,163)
– non-controlling interests		**(245)**	789
		(16,332)	(11,374)
Loss per share			
Basic *(HK cents)*	*14*	**(2.01)**	(2.04)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	15	**59,269**	51,256
Intangible assets	16	**245**	314
Deferred tax assets	23	**95**	1,055
Deposits	18	**6,292**	4,938
		65,901	57,563
Current assets			
Inventories	17	**1,012**	1,139
Trade and other receivables, deposits and prepayments	18	**7,628**	6,663
Amount due from a related party	21	**312**	1,100
Tax recoverable		**1,009**	950
Bank balances and cash	19	**21,831**	49,225
		31,792	59,077
Current liabilities			
Trade and other payables and accruals	20	**12,216**	14,156
Tax payable		**–**	1,663
Provision	24	**860**	650
		13,076	16,469
Net current assets		**18,716**	42,608
Total assets less current liabilities		**84,617**	100,171
Non-current liabilities			
Provision	24	**1,916**	1,130
Deferred tax liabilities	23	**812**	470
Bank borrowings	22	**15,000**	15,000
		17,728	16,600
Net assets		**66,889**	83,571

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
Capital and reserves			
Share capital	25	**8,000**	8,000
Reserves		**58,348**	74,622
Equity attributable to owners of the Company		**66,348**	82,622
Non-controlling interests		**541**	949
Total equity		**66,889**	83,571

The consolidated financial statements on pages 52 to 111 were approved and authorised for issue by the Board of Directors on 18 June 2019 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 2019

	Share capital *HK$'000*	Share premium *HK$'000*	Other reserves *HK$'000* *(note (a))*	Accumulated profits/(loss) *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2017	8	3,000	24,819	13,605	41,432	2,161	43,593
(Loss)/profit and total comprehensive (expense)/income for the year	–	–	–	(12,163)	(12,163)	789	(11,374)
Issue of shares of the Company *(note 25(d))*	–	5,000	–	–	5,000	–	5,000
Issue of shares of the Company *(note 25(e))* and elimination of share capital arising from Reorganisation	(8)	35,310	(33,301)	–	2,001	(2,001)	–
Issue of shares under share offer *(note 25(g))*	2,000	53,000	–	–	55,000	–	55,000
Transaction costs directly attributable to issue of shares	–	(8,648)	–	–	(8,648)	–	(8,648)
Capitalisation issue *(note 25(f))*	6,000	(6,000)	–	–	–	–	–
At 31 March 2018 and 1 April 2018	8,000	81,662	(8,482)	1,442	82,622	949	83,571
Loss and total comprehensive expense for the year	–	–	–	(16,087)	(16,087)	(245)	(16,332)
Acquisition of subsidiaries from non-controlling interests	–	–	(187)	–	(187)	(163)	(350)
At 31 March 2019	8,000	81,662	(8,669)	(14,645)	66,348	541	66,889

Notes:

(a) Other reserves at 1 April 2017 represent the shareholders' contribution arising from the acquisition of additional interests in subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 *HK$'000*	2018 *HK$'000*
OPERATING ACTIVITIES			
Loss before taxation		**(15,032)**	(10,539)
Adjustments for:			
Depreciation of property, plant and equipment		**9,499**	7,515
Loss on write-off/disposal of property, plant and equipment		**870**	166
Amortisation of intangible asset		**69**	28
Bank interest income		**(359)**	(6)
Finance costs		**447**	326
Operating cash flows before movements in working capital		**(4,506)**	(2,510)
Decrease in inventories		**127**	51
Increase in trade and other receivables, deposits and prepayments		**(2,319)**	(354)
(Decrease)/increase in trade and other payables and accruals		**(2,002)**	4,255
Decrease in provision		**(400)**	(180)
Cash (used in)/generated from operations		**(9,100)**	1,262
Tax refund		**329**	–
Income tax paid		**(2,049)**	(1,027)
Interest paid		**(447)**	(326)
NET CASH USED IN OPERATING ACTIVITIES		**(11,267)**	(91)
INVESTING ACTIVITIES			
Advances to a related party		**(12)**	(1,100)
Acquisition of a subsidiary		**(300)**	–
Repayment from from related parties		**1,100**	–
Purchase of intangible assets		**–**	(342)
Purchases of property, plant and equipment		**(16,929)**	(5,114)
Proceeds from disposal of property, plant and equipment		**5**	–
Interest received		**359**	6
NET CASH USED IN INVESTING ACTIVITIES		**(15,777)**	(6,550)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 HK$'000	2018 HK$'000
FINANCING ACTIVITIES	32		
Acquisition of subsidiaries from non-controlling interests		**(350)**	–
Issue of shares of the Company		**–**	5,000
Repayments to related parties		**–**	(1,383)
Repayments to non-controlling shareholders of subsidiaries		**–**	(1,319)
Repayments of bank borrowings		**–**	(13,058)
New bank borrowings raised		**–**	15,000
Proceeds from issue of shares under share offer		**–**	55,000
Transaction costs attributable to issue of shares		**–**	(7,721)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		**(350)**	51,519
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(27,394)**	44,878
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**49,225**	4,347
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		**21,831**	49,225

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 31% owned by Ms. Wong Suet Hing ("Ms SH Wong"), 31% owned by Ms. Chow Lai Fan ("Ms. LF Chow"), sister-in-law of Ms SH Wong, 18.7% 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 4.3% 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 37.

In connection with the listing of the shares of the Company on the Stock Exchange, the Company underwent a reorganisation and has become the holding company of the companies now comprising the Group since 29 January 2018. Details of the reorganisation are set out in the Company's prospectus dated 6 February 2018.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 April 2018

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time Adoption of HKFRSs
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 1, First-time Adoption of HKFRSs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of HKFRSs removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

The adoption of these amendments has no impact on these financial statements as the year to which the transition provision exemptions related have passed.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs – effective 1 April 2018 *(Continued)*

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a venture capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of these amendments has no impact on these financial statements as the Group is not a venture capital organisation.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these amendments has no impact on these financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

HKFRS 9 – Financial Instruments

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements. There is no impact on the Group's opening balances of reserve and non-controlling interests as of 1 April 2018.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs – effective 1 April 2018 *(Continued)*

HKFRS 9 – Financial Instruments *(Continued)*

(i) Classification and measurement of financial instruments (Continued)

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

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. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs – effective 1 April 2018 *(Continued)*

HKFRS 9 – Financial Instruments *(Continued)*

(i) Classification and measurement of financial instruments (Continued)

The following accounting policies would be applied to the Group's financial assets as follows:

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.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amounts as at 1 April 2018 under HKAS 39**	**Carrying amounts as at 1 April 2018 under HKFRS 9**
			HK$'000	*HK$'000*
Trade and other receivables (excluding prepayments)	Loans and receivables	Amortised cost	4,080	4,080
Amount due from a related party	Loans and receivables	Amortised cost	1,100	1,100
Bank balances and cash	Loans and receivables	Amortised cost	49,225	49,225

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities. Hence, the adoption of HKFRS 9 does not affect the carrying amounts of the Group's financial liabilities as at 1 April 2018.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECL for trade receivables and financial assets at amortised costs earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances 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.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs – effective 1 April 2018 *(Continued)*

HKFRS 9 – Financial Instruments *(Continued)*

(ii) Impairment of financial assets (Continued)

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due 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. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. 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 and 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 unless the Group has reasonable and supportable information that demonstrate that a more lagging default criterion is more appropriate.

The Group considers a financial asset to be in default 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 unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs – effective 1 April 2018 *(Continued)*

HKFRS 9 – Financial Instruments *(Continued)*

(ii) Impairment of financial assets (Continued)

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model

(a) Impairment of trade receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which recognises lifetime ECLs for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance as at 1 April 2018 was determined with expected loss rate 0.1% for trade receivables.

Applying the ECL model results in immaterial impairment as at 1 April 2018 and 31 March 2019.

(b) Impairment of other financial assets

Other financial assets at amortised cost of the Group include other receivables, deposits and amount due from a related party. Since the adoption of HKFRS 9 on 1 April 2018, he Group has assessed the impairment for its other receivables, deposits and amount due from a related party individually based on internal credit rating and ageing of these debtors which, in opinion of the directors of the Company, have no significant increase in credit risk since initial recognition. Applying the ECL model results in immaterial impairment on 1 April and for the year ended 31 March 2019.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments, if any, arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The assessments on the determination of the business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs – effective 1 April 2018 *(Continued)*

HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15, if any, as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for 2018 has not been restated. As allowed by HKFRS 15, the group has applied the new requirements only to contracts that were not completed before 1 April 2018.

HKFRS 15 introduces a 5-step model when recognising revenue:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. Based on the assessment of the Group, the adoption of HKFRS 15 from 1 April 2018 has results in changes in accounting policies of the Group, however, it does not have significant impact on the timing and amounts of revenue recognition of the Group, and no adjustment to the opening balance of equity at 1 April 2018 have been made. However, additional disclosures have been presented for the current accounting period in note 6 of the consolidated financial statements as a result of adoption of HKFRS 15.

Amendments HKFRS 15 Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]

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

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

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

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. An entity shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

Earlier application of these amendments is permitted, including in annual reporting periods beginning before 18 January 2019 (the date of issuance of these amendments). If an entity applies these amendments for an earlier period, it shall disclose that fact.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKAS 28 – Long-term Interests in Associates and Joint Venture

The amendment clarifies that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

Except as disclosed below, the management anticipate that application of other new and amendments to HKFRSs will have no material impact to the Group's financial performance and consolidated financial positions and/or on the disclosures in future consolidated financial statements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

HKFRS 16 – Leases *(Continued)*

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The standard will affect primarily the accounting for the Group operating leases. As at 31 March 2019, the Group had non-cancellable operating lease commitments of approximately HK$50,371,000 as set out in note 28 to the financial statements. The interest expense on the lease liability and the depreciation expense on the right-of-use asset under HKFRS 16 will replace the rental charge under HKAS 17. The operating lease commitments as shown in off-balance sheet item will be replaced by "right-of-use asset" and "lease liability" in the consolidated statement of financial position of the Group. The Group will continue to assess its portfolio of leases to determine the impact of application of this standard on the consolidated financial statements of the Group.

Mandatory for financial years commencing on or after 1 April 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

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 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.

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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".

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

(c) Changes in the Group's ownership interests in existing subsidiaries

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) 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.

(e) Property, plant and equipment

Property, plant and equipment 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment *(Continued)*

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

(f) Leasing

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

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in the profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

(g) 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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) 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.

(h) Financial Instruments

A. Accounting policies applied from 1 April 2018

(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 entirely 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial Instruments *(Continued)*

A. Accounting policies applied from 1 April 2018 *(Continued)*

(i) Financial assets (Continued)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial Instruments *(Continued)*

A. Accounting policies applied from 1 April 2018 *(Continued)*

(ii) Impairment loss on financial assets (Continued)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial Instruments *(Continued)*

A. Accounting policies applied from 1 April 2018 *(Continued)*

(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.

B. Accounting policies applied until 31 March 2018

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. All other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way of purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial Instruments *(Continued)*

B. Accounting policies applied until 31 March 2018 *(Continued)*

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– granting concession to a debtor because of debtor's financial difficulty; or

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. 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 expenses are 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial Instruments *(Continued)*

B. Accounting policies applied until 31 March 2018 *(Continued)*

(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 where the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

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

(i) 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.

(j) Revenue recognition

A. Accounting policies applied from 1 April 2018

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.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

B. Accounting policies applied until 31 March 2018

Revenue is measured at fair value of the consideration received or receivable.

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

Sales of goods are recognised when the goods are delivered and titles have passed. Service income is recognised when the services are rendered.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) 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.

(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.

(l) 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.

(m) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Income taxes *(Continued)*

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.

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.

(n) Borrowing costs

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

(o) 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.

(p) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Segment reporting *(Continued)*

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.

(q) 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

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, in which case the impairment loss is treated as a revaluation decrease under that 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, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (see note 4(e)), 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.

(r) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Related parties *(Continued)*

(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).

(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.

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

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.

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 2019, the carrying amounts of property, plant and equipment are approximately HK$59,269,000 (2018: 51,256,000).

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received or receivable for goods sold and services rendered by the Group, during the year.

Revenue

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

	2019	2018
	HK$'000	*HK$'000*
Revenue from restaurant operation	**142,407**	135,624
By timing of revenue recognition at a point in time	**142,407**	135,624

The Group did not have any contract asset and contract liability as at 1 April 2018 and 31 March 2019.

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. Western cuisine – Operations of Western cuisine restaurants under the brand of "La Dolce" were ceased to operate since 18 March 2019.
3. Thai cuisine – Operations of Thai cuisine restaurants under the brand of "Grand Avenue"
4. Japanese cuisine – Operations of Japanese cuisine restaurants under the brand of "Beefst" were newly operated during 31 March 2019.
5. Malaysian cuisine – Operations of Mayaysian cuisine restaurants under the brand of "Haha Prawn Mee" and "Baba Nyonya" were newly operated during 31 March 2019.

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.

Year ended 31 March 2019

	Chinese cuisine HK$'000	Western cuisine HK$'000	Thai cuisine HK$'000	Japanese cuisine HK$'000	Malaysian cuisine HK$'000	Total HK$'000
Segment revenue	45,725	17,893	60,714	7,079	10,996	142,407
Segment profit/(loss)	2,508	7	4,395	(953)	(3,810)	2,147
Other income						730
Finance costs						(447)
Unallocated corporate costs						(17,462)
Loss before tax						(15,032)

Year ended 31 March 2018

	Chinese cuisine HK$'000	Western cuisine HK$'000	Thai cuisine HK$'000	Total HK$'000
Segment revenue	53,607	29,975	52,042	135,624
Segment profit	8,575	2,194	6,313	17,082
Other income				629
Listing expenses				(14,018)
Finance costs				(326)
Unallocated corporate costs				(13,906)
Loss before tax				(10,539)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 4(p). Segment profit represents the profit earned by each segment without allocation of other income, listing expenses, finance costs and other operating costs (including head office staff costs, rental and other corporate expenses) and income tax expense.

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 2019

	Chinese cuisine *HK$'000*	Western cuisine *HK$'000*	Thai cuisine *HK$'000*	Japanese cuisine *HK$'000*	Malaysian cuisine *HK$'000*	Consolidated *HK$'000*
Segment assets	10,412	–	12,414	2,392	12,818	38,036
Unallocated property, plant and equipment						34,400
Deferred tax assets						95
Unallocated inventories						710
Unallocated other receivables and prepayments						1,300
Amount due from a related party						312
Tax recoverable						1,009
Bank balances and cash						21,831
Consolidated assets						97,693
Segment liabilities	4,402	–	3,348	396	2,802	10,948
Unallocated trade and other payables and accruals						4,044
Bank borrowings						15,000
Deferred tax liabilities						812
Consolidated liabilities						30,804

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 March 2018

	Chinese cuisine *HK$'000*	Western cuisine *HK$'000*	Thai cuisine *HK$'000*	Consolidated *HK$'000*
Segment assets	7,505	3,436	13,739	24,680
Unallocated property, plant and equipment				36,910
Intangible asset				314
Deferred tax assets				1,055
Unallocated inventories				826
Unallocated other receivables and prepayments				1,580
Amount due from a related party				1,100
Tax recoverable				950
Bank balances and cash				49,225
Consolidated assets				116,640
Segment liabilities	2,930	1,621	4,146	8,697
Unallocated trade and other payables and accruals				7,239
Bank borrowings				15,000
Tax payable				1,663
Deferred tax liabilities				470
Consolidated liabilities				33,069

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, certain deferred tax assets, inventories, certain other receivables and prepayments, amounts due from a related party, tax recoverable and bank balances and cash.
- all liabilities are allocated to operating and reportable segments, other than bank borrowings, tax payable, certain trade and other payables and accruals and deferred tax liabilities.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

Year ended 31 March 2019

	Chinese cuisine HK$'000	Western cuisine HK$'000	Thai cuisine HK$'000	Japanese cuisine HK$'000	Malaysian cuisine HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:							
Additions of property, plant and equipment	**4,525**	**–**	**793**	**3,959**	**8,914**	**196**	**18,387**
Loss on written-off of property, plant and equipment	**139**	**54**	**–**	**314**	**334**	**29**	**870**
Depreciation of property, plant and equipment	**1,857**	**565**	**2,744**	**528**	**1,214**	**2,591**	**9,499**
Amortisation of intangible assets	**–**	**–**	**–**	**69**	**–**	**–**	**69**

Year ended 31 March 2018

	Chinese cuisine HK$'000	Western cuisine HK$'000	Thai cuisine HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:					
Additions of property, plant and equipment	65	13	4,347	375	4,800
Addition of intangible asset	–	–	–	342	342
Loss on written-off/disposal of property, plant and equipment	83	83	–	–	166
Depreciation of property, plant and equipment	1,590	1,188	2,210	2,527	7,515
Amortisation of intangible assets	–	–	–	28	28

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 LOSSES

	2019 HK$'000	2018 HK$'000
Other income		
Service management income *(note)*	–	342
Reversal of reinstatement provision	180	–
Promotion income	53	156
Bank interest income	359	6
Other income	138	125
	730	629
Other losses		
Loss on written-off/disposal of property, plant and equipment	870	166

Note: Service management income rendered by the Group represented office management services provided to entities owned by Mr. Benson Hung, who was the non-controlling shareholders of Access Gear Investment Limited ("AGIL") before 9 February 2017, the date of the acquisition of the remaining equity interest of AGIL by the Group.

8. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interests on bank borrowings	447	326

9. LOSS BEFORE TAX

	2019 HK$'000	2018 HK$'000
Loss before tax has been arrived at after charging:		
Staff costs (including directors' emoluments):		
Salaries and other benefits	56,867	46,875
Contribution to retirement benefit scheme	2,579	2,068
	59,446	48,943
Auditor's remuneration	830	700
Amortisation of intangible asset (included in other expenses)	69	28
Operating lease payments in respect of rented premises:		
– minimum lease payments	23,260	18,314
– contingent rents *(note)*	457	1,342

Note: The operating lease rentals for certain restaurants are determinated as the higher of a fixed rental or a predeterminated percentage on revenue of respective restaurants pursuant to the terms and conditions that are set out in the respective rental agreements.

10. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current Tax:		
Hong Kong Profits Tax	**(4)**	(372)
Overprovision in prior years	**6**	362
	2	(10)
Deferred tax *(note 23)*	**(1,302)**	(825)
	(1,300)	(835)

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 2018. 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 taxed at 16.5% for the year ended 31 March 2019.

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

	2019	2018
	HK$'000	*HK$'000*
Loss before tax	**(15,032)**	(10,539)
Tax at the domestic income tax rate	**2,480**	1,739
Tax effect of expense not deductible for tax purpose	**(1,707)**	(3,156)
Over provision in prior years	**6**	362
Utilisation of tax losses previously not recognised	**–**	410
Tax effect of tax losses not recognised	**(2,079)**	(190)
Income tax expense	**(1,300)**	(835)

Details of deferred tax are set out in note 23.

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 2019

	Ms. SH Wong *HK$'000* *(Note a)*	Ms. ST Wong *HK$'000* *(Note b)*	Mr. MF Wong *HK$'000* *(Note b)*	Mr. SH Ma *HK$'000* *(Note b)*	Mr. CC Wong *HK$'000* *(Note b)*	Total *HK$'000*
Executive directors:						
Fees	–	–	–	–	–	–
Other emoluments						
Salaries and other benefits	439	439	451	346	371	2,046
Discretionary bonus *(Note d)*	–	–	–	–	–	–
Retirement benefit scheme contributions	–	18	18	18	18	72
Sub-total	439	457	469	364	389	2,118

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$'000* *(Note c)*	Ms. Ng Yau Kuen Carmen *HK$'000* *(Note c)*	Mr. Yu Ronald Patrick Lup Man *HK$'000* *(Note c)*	Total *HK$'000*
Independent non-executive directors:				
Fees	15	15	15	45
Retirement benefit scheme contributions	–	–	–	–
Sub-total	15	15	15	45

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

	HK$'000
Total	2,163

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

Year ended 31 March 2018

	Ms. SH Wong HK$'000 (Note a)	Ms. ST Wong HK$'000 (Note b)	Mr. MF Wong HK$'000 (Note b)	Mr. SH Ma HK$'000 (Note b)	Mr. CC Wong HK$'000 (Note b)	Total HK$'000
Executive directors:						
Fees	–	–	–	–	–	–
Salaries and other benefits	439	439	451	346	371	2,046
Discretionary bonus *(Note d)*	37	37	37	29	46	186
Contributions to retirement benefit scheme	6	18	18	17	18	77
Sub-total	482	494	506	392	435	2,309

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$'000 (Note c)	Ms. Ng Yau Kuen Carmen HK$'000 (Note c)	Mr. Yu Ronald Patrick Lup Man HK$'000 (Note c)	Total HK$'000
Independent non-executive directors:				
Fees	14	14	14	42
Contributions to retirement benefit scheme	–	–	–	–
Sub-total	14	14	14	42

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

	HK$'000
Total	2,351

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.

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

Notes:

(a) Ms. SH Wong was appointed as executive director of the Company on 27 January 2017.

(b) Ms. ST Wong, Mr. Wong Muk Fai, Woody ("Mr. MF Wong"), the spouse of Ms. LF Chow and the brother of Ms. SH Wong, Mr. SH Ma and Mr. Wong Chi Chiu Henry ("Mr. CC Wong") were appointed as executive directors of the Company on 5 July 2017. Ms. ST Wong also acts as chief executive officer of the Group.

(c) Mrs. Cheung Lau Lai Yin Becky, Ms. Ng Yau Kuen Carmen and Mr. Yu Ronald Patrick Lup Man were appointed as independent non-executive directors of the Company on 26 February 2018.

(d) 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 year ended 31 March 2019 and 2018.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three directors (2018: five directors), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year ended 31 March 2019 of the remaining two (2018: Nil) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019	2018
	HK$'000	*HK$'000*
Salaries and other benefits	**874**	–
Bonus	**–**	–
Retirement benefit scheme contributions	**33**	–
	907	–

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:

	2019	2018
Nil to HK$1,000,000	**2**	–

13. DIVIDENDS

No dividend was paid or proposed during the year of 2019, nor has any dividend been proposed since the end of reporting period (2018: Nil).

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

14. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss for year attributable to owners of the Company for the purpose of basic loss per share	**(16,087)**	(12,163)

	2019	2018
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**800,000**	597,300

The weighted average number of ordinary shares for the purpose of basic loss per share for the years ended 31 March 2019 and 2018 has taken into account the capitalisation issue of 599,980,000 ordinary shares of the Company on 26 February 2018 (the "Capitalisation Issue") as disclosed in note 25 as if it had been effective on 1 April 2017.

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

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Kitchen equipment HK$'000	Other equipment HK$'000	Total HK$'000
COST						
At 1 April 2017	40,286	29,360	3,169	4,543	2,355	79,713
Additions	–	2,994	194	1,310	302	4,800
Write-offs/disposals	–	(2,526)	(582)	(639)	–	(3,747)
At 31 March 2018 and 1 April 2018	40,286	29,828	2,781	5,214	2,657	80,766
Additions	–	14,889	1,413	1,642	443	18,387
Write-offs/disposals	–	(4,367)	(575)	(1,027)	(112)	(6,081)
At 31 March 2019	40,286	40,350	3,619	5,829	2,988	93,072
DEPRECIATION						
At 1 April 2017	4,470	14,827	1,863	2,885	1,531	25,576
Provided for the year	1,611	4,536	461	662	245	7,515
Write-offs/disposals	–	(2,444)	(533)	(604)	–	(3,581)
At 31 March 2018 and 1 April 2018	6,081	16,919	1,791	2,943	1,776	29,510
Provided for the year	1,611	6,136	565	847	340	9,499
Write-offs/disposals	–	(3,600)	(529)	(999)	(78)	(5,206)
At 31 March 2019	7,692	19,455	1,827	2,791	2,038	33,803
CARRYING AMOUNTS						
At 31 March 2019	32,594	20,895	1,792	3,038	950	59,269
At 31 March 2018	34,205	12,909	990	2,271	881	51,256

16. INTANGIBLE ASSETS

	Franchise
	HK$'000
COST	
At 1 April 2017	–
Additions	342
At 31 March 2018 and 31 March 2019	342
AMORTISATION	
At 1 April 2017	–
Provided for the year	28
At 31 March 2018 and 1 April 2018	28
Provided for the year	69
At 31 March 2019	97
CARRYING AMOUNTS	
At 31 March 2019	245
At 31 March 2018	314

The above intangible asset represents franchise acquired from third parties during the year 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.

17. INVENTORIES

	2019	2018
	HK$'000	*HK$'000*
Food and beverage for restaurant operations	**1,012**	1,139

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Trade receivables from restaurant operations	**775**	953
Rental deposits	**6,604**	5,383
Other deposits	**3,421**	2,885
Prepayments and other receivables	**3,120**	2,380
Total	**13,920**	11,601
Analysed for reporting purposes as:		
Non-current assets	**6,292**	4,938
Current assets	**7,628**	6,663
	13,920	11,601

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.

19. 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% (2018:0.01%) per annum.

20. TRADE AND OTHER PAYABLES AND ACCRUALS

	2019 HK$'000	2018 HK$'000
Trade payables	**2,543**	2,907
Salaries payables	**5,429**	4,513
Payable for acquisition of property, plant and equipment	**62**	48
Accruals and other payables	**4,182**	2,981
Accrued listing expenses	**–**	3,707
	12,216	14,156

The credit period granted to the Group by suppliers normally ranges from 0 to 30 days. All trade payables are aged within 30 days at the end of the reporting period.

21. AMOUNT DUE FROM A RELATED PARTY

Amount due from a related party

The amounts due from related parties are non-trade, unsecured, interest-free and repayable on demand.

Details of amounts due from related parties are as follows:

	Balance at 1 April	Balance at 31 March	**Balance at 31 March**	**Maximum amount outstanding during the year end**	
	2017	2018	**2019**	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	***HK$'000***	*HK$'000*
Golden Legend Investment Limited	–	1,100	**312**	**1,100**	1,100

22. BANK BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Carrying amount that does not contain repayment on demand clause repayable based on scheduled repayment terms:		
– More than two years but not exceeding five years	**15,000**	15,000

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 was 2.91% (2018: 2.17%) per annum as at 31 March 2019.

At 31 March 2019, bank borrowings of HK$15,000,000 (2018: HK$15,000,000) were secured by leasehold land and building owned by the Group with the carrying amount of HK$32,594,000 (2018: HK$34,205,000) and corporate guarantee provided by the group companies.

23. DEFERRED TAX (ASSETS)/LIABILITIES

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

	Acceleration accounting depreciation *HK$'000*	**Acceleration tax depreciation** *HK$'000*	**Total** *HK$'000*
At 1 April 2017	(1,518)	108	(1,410)
Charge to profit or loss	463	362	825
At 31 March 2018 and 1 April 2018	(1,055)	470	(585)
Charge to profit or loss	960	342	1,302
At 31 March 2019	(95)	812	717

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

	2019 ***HK$'000***	2018 *HK$'000*
Deferred tax assets	**(95)**	(1,055)
Deferred tax liabilities	**812**	470
	717	(585)

At the end of the reporting period, the Group has unused tax losses of approximately HK$14,079,000 (31 March 2018: HK$1,479,000) 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.

24. PROVISION

	Provision for reinstatement HK$'000
As at 1 April 2017	1,660
Provisions recognised	300
Utilisation of provision	(180)
As at 31 March 2018 and 1 April 2018	1,780
Provisions recognised	1,396
Utilisation of provision	(400)
As at 31 March 2019	2,776

	2019 ***HK$'000***	2018 *HK$'000*
Analysed for reporting purpose as:		
Non-current liabilities	**1,916**	1,130
Current liabilities	**860**	650
	2,776	1,780

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 (i.e. 36 months to 60 months). These amounts have not been discounted for the purpose of measuring the provision for reinstatement as the effect is not significant.

25. SHARE CAPITAL

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

	Number of shares	Share Capital *HK$'000*
Authorised:		
At 1 April 2017	38,000,000	380
Share subdivision *(Note a)*	3,762,000,000	–
Share consolidation *(Note b)*	(3,762,000,000)	–
Increased on 29 January 2018 *(Note c)*	1,962,000,000	19,620
At 31 March 2018 and 31 March 2019	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2017	9,750	–
Issue of shares on 21 April 2017 *(Note d)*	1,250	–
Share subdivision *(Note a)*	1,089,000	–
Share consolidation *(Note b)*	(1,089,000)	–
Issue of shares on 29 January 2018 *(Note e)*	9,000	–
Issue of shares pursuant to the Capitalisation Issue *(Note f)*	599,980,000	6,000
Issue of shares under the share offer *(Note g)*	200,000,000	2,000
At 31 March 2018 and 31 March 2019	800,000,000	8,000

(a) Pursuant to the written resolutions of shareholders of the Company passed on 13 July 2017, each issued and unissued share of HK$0.01 each was subdivided into 100 shares of HK$0.0001 each such that the authorised share capital as at 13 July 2017 was HK$380,000 divided into 3,800,000,000 shares of HK$0.0001 each, in which 1,100,000 shares of HK$0.0001 each were in issue.

(b) Pursuant to the written resolutions of shareholders of the Company passed on 25 July 2017, every 100 issued and unissued shares of the Company of HK$0.0001 each were consolidated into one share of HK$0.01 each such that the authorised share capital as at 25 July 2017 was HK$380,000 divided into 38,000,000 shares of HK$0.01 each, in which 11,000 shares of HK$0.01 each were in issue.

(c) On 29 January 2018, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares to HK$20,000,000 divided into 2,000,000,000 shares by the creation of 1,962,000,000 additional ordinary shares.

(d) On 21 March 2017 and 21 April 2017, 750 shares and 1,250 shares of the Company were alloted and issued at cash consideration of HK$3,000,000 and HK$5,000,000 to the Pre-IPO Investor as disclosed in the Company's prospectus dated 6 February 2018.

(e) On 29 January 2018, 9,000 shares of the Company were issued to the Controlling Shareholders and Mr. SH Ma to acquire the entire equity interests in FGL as disclosed in the Company's prospectus dated 6 February 2018.

(f) On 26 February 2018, the Company capitalised the amount of HK$5,999,800 standing to the credit of the share premium account of the Company and applied the amount towards paying up in full at par 599,980,000 shares for allotment and issue to the shareholders.

(g) On 26 February 2018, the Company issued 200,000,000 shares of HK$0.01 each at HK$0.275 per share upon the completion of its share offer. On the same date, the Company's shares were listed on GEM of the Stock Exchange.

All ordinary shares issued rank pari passu with the existing issued shares in all aspects.

26. 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 2019 and 2018, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

27. ACQUISITION OF SUBSIDIARIES

(a) On 31 July 2018, the Group acquired 100% of the issued share capital of Top Wealth International (HK) Limited at a cash consideration of HK$300,000.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Amount due from related party	312
Accruals	(12)
Bank balances and cash	–*
Net assets	300
Cash consideration	300
Assets arising on acquisition:	
Consideration paid	300
Less: Fair value of net identifiable assets	(300)
Net assets arising on acquisition	–

* The balance was less than HK$1,000.

(b) On 13 August 2018, the Group acquired 100% of the issued share capital of Rainbow Power Holdings Limited at a cash consideration of HK$1, which is a dormant company with its value of assets and liabilities as at acquisition date was below thousand dollars.

28. OPERATING LEASES

The Group as lessee

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

	2019 ***HK$'000***	2018 *HK$'000*
Within one year	**18,129**	16,090
In the second to fifth year inclusive	**32,242**	7,238
	50,371	23,328

The above operating lease payments represent rental payable by the Group for restaurants.

Leases are negotiated and rentals are for term of three to five years. Certain leases include contingent rentals calculated with reference to turnover of the restaurants plus monthly fixed rental. Other leases are fixed for terms of three to five years.

29. 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.

30. 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 amounts due to related parties and bank borrowings as disclosed in respective notes, 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.

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019	2018
	HK$'000	*HK$'000*
Financial assets		
Financial assets measured at amortised cost:		
– Trade and other receivables, deposits	**5,105**	4,080
– Amount due from a related party	**312**	1,100
– Cash and bank balances	**21,831**	49,225
	27,248	54,405
Financial liabilities		
Financial liabilities measured at amortised cost		
– Trade and other payables and accruals	**6,787**	9,643
– Bank borrowings	**15,000**	15,000
	21,787	24,643

(b) Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables and deposits, amounts due from a related party, bank balances and cash, trade and other payables and accruals 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 19) and bank borrowings (see note 22). 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.

31. 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 loss for the year ended 31 March 2019 would increase/decrease by HK$75,000 (2018: loss for the year would increase/decrease by HK$75,000).

Credit risk

The Group's credit risk is primarily attributable to trade receivables and deposits, amounts due from a related party 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 balances and amount due from a related party. Details of bank balances and amount due from a related party are disclosed in note 19 and 21, respectively. 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 liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

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

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

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

31. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

Liquidity tables

	Weighted average effective interest rate	Repayable on demand	Within 3 months	4 months to 12 months	1 year to 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2019							
Non-derivative financial liabilities							
Trade and other payables and accruals	–	–	6,787	–	–	6,787	6,787
Bank borrowings	2.91	–	112	327	15,425	15,864	15,000
		–	6,899	327	15,425	22,651	21,787

	Weighted average effective interest rate	Repayable on demand	Within 3 months	4 months to 12 months	1 year to 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2018							
Non-derivative financial liabilities							
Trade and other payables and accruals	–	–	9,643	–	–	9,643	9,643
Bank borrowings	2.17	–	82	243	15,642	15,967	15,000
		–	9,725	243	15,642	25,610	24,643

The aggregate carrying amount of these bank borrowings were approximately HK$15,000,000 (2018: HK$15,000,000).

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.

32. 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 statements of cash flows as cash flows from financing activities.

	Amounts due to related parties	Amounts due to non-controlling shareholders of subsidiaries	Bank borrowings	Accrued shares issue cost	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2017	1,383	1,319	13,058	–	15,760
Financing cash flow *(note)*	(1,383)	(1,319)	1,942	(7,721)	(8,481)
Transaction costs directly attributable to issue of shares	–	–	–	8,648	8,648
At 31 March 2018 and 31 March 2019	–	–	15,000	927	15,927

Note: The financing cash flows represented the net amount of new bank borrowings raised, advances from related parties and non-controlling shareholders of subsidiaries, repayments of bank borrowings, related parties and non-controlling shareholders of subsidiaries.

33. MAJOR NON-CASH TRANSACTIONS

During the year, the amounts of approximately HK$62,000 (2018: Nil) in relation to the acquisition of property, plant and equipment were not yet settled and included in other payable.

34. RELATED PARTY TRANSACTIONS

On 31 July 2018, the Group acquired 100% of the issued share capital of Top Wealth International (HK) Limited ("Top Wealth") at a cash consideration of HK$300,000. Ms. SH Wong and Ms. ST Wong were directors of and held beneficial interests in Top Wealth and Top Wealth became a subsidiary of the Group since 31 July 2018.

Details of the balances with a related party at the end of reporting period are disclosed in the note 21.

Compensation of key management personnel

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

	2019	2018
	HK$'000	*HK$'000*
Short-term benefits	**2,091**	2,274
Post-employment benefits	**72**	77
	2,163	2,351

35. COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the year/period but not yet incurred is as follows:

	2019 *HK$'000*	2018 *HK$'000*
Property, plant and equipment	196	–

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	2019 *HK$'000*	2018 *HK$'000*
Non-current assets			
Investments in subsidiaries		35,310	35,310
Current assets			
Prepayments and other receivables		248	407
Amounts due from subsidiaries		8,490	3,423
Bank balances		18,008	41,619
		26,746	45,449
Current liabilities			
Accruals		54	3,771
Amounts due to subsidiaries		–	1,956
		54	5,727
Net current assets		26,692	39,722
Net assets		62,002	75,032
Capital and reserves			
Share capital	*25*	8,000	8,000
Share premium and reserves		54,002	67,032
		62,002	75,032

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

Movement in the Company's reserves

	Share premium	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2017	3,000	(669)	2,331
Loss and total comprehensive expenses for the year	–	(13,961)	(13,961)
Issue of shares of the Company	5,000	–	5,000
Issue of shares of the Company and elimination of share capital arising from Reorganisation	35,310	–	35,310
Issue of shares under share offer	53,000	–	53,000
Transaction costs directly attribute to issue of shares	(8,648)	–	(8,648)
Capitalisation issue	(6,000)	–	(6,000)
At 31 March 2018	81,662	(14,630)	67,032
Loss and total comprehensive expenses for the period	–	(13,030)	(13,030)
At 31 March 2019	81,662	(27,660)	54,002

37. PARTICULARS OF SUBSIDIARIES

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

				Attributable equity interest of the Group as at 31 March			
Name of subsidiary	**Place of incorporation**	**Place of operation**	**Issued and fully paid share capital**	**2019**	2018	Date of this report	**Principal activities**
Access Gear Investment Limited	BVI	Hong Kong	United States Dollar ("USD") 10,000	**100%**	100%	100%	Investment holdings
Access Smart Corporation Limited	Hong Kong	Hong Kong	HK$10,000	**100%**	90%	100%	Restaurant operations
All Happiness Limited	Hong Kong,	Hong Kong	HK$10,000	**90%**	70%	90%	Restaurant operations
Art Capital Limited	Hong Kong,	Hong Kong	HK$100	**100%**	100%	100%	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
Glory Fine Corporation Limited	Hong Kong	Hong Kong	HK$100	**54%**	54%	54%	Restaurant operations
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%	Restaurant operations
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
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.

38. EVENT AFTER THE REPORTING DATE

On 18 April 2019, Foodies Group Limited ("FGL"), a wholly-owned subsidiary of the Company entered into an agreement in relation to formation of an entity, Well Strong Holdings Limited (the "Well Strong") with other three independent third parties, Cabletron Investments Limited ("CIL"), Yau Wai Leung ("Mr. Yau") and DCL Logistics (Hong Kong) Limited ("DCL"). Upon the formation, FGL, CIL, Mr. Yau and DCL subscribed for the 5,000, 3,000, 1,000 and 1,000 Shares of the total issued share of 10,000 shares in the Well Strong at a consideration HK$5,000, HK$3,000, HK$1,000 and HK$1,000, respectively. The entity is principally engaged in the cold storage business in Hong Kong.

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			
	2016	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	132,603	149,715	135,624	**142,407**
Profit (loss) before taxation	7,356	8,711	(10,539)	**(15,032)**
Income tax expense	(1,632)	(1,359)	(835)	**(1,300)**
Profit (loss) for the year	5,724	7,352	(11,374)	**(16,332)**
Attributable to:				
Owners of the Company	5,299	6,292	(12,163)	**(16,087)**
Non-controlling interests	425	1,060	789	**(245)**
	5,724	7,352	(11,374)	**(16,332)**

	As at 31 March			
	2016	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***
Assets and liabilities				
Total assets	77,604	72,588	116,640	**97,693**
Total liabilities	(66,830)	(28,995)	(33,069)	**(30,804)**
	10,774	43,593	83,571	**66,889**
Equity attributable to:				
Owners of the Company	10,033	41,432	82,622	**66,348**
Non-controlling interests	741	2,161	949	**541**
	10,774	43,593	83,571	**66,889**