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

(incorporated in the Cayman Islands with limited liability)
(Stock code: 8371)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

FINANCIAL HIGHLIGHTS

- Revenue increased to HK$215.2 million, representing an increase of 8.4%.
- Net profit attributable to owners of the Company, adjusted for the impact of the Listing Expenses, increased by 27% to HK$18,055,000.
- Final dividend proposed of HK$0.022 per share.

RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Taste • Gourmet Group Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2018.

The audited consolidated results of the Group for the year ended 31 March 2018 together with the comparative figures of 2017 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	NOTES	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*4*	**215,175**	198,568
Other income	*5*	**613**	290
Other gains and losses, net	*6*	**(335)**	(50)
Raw materials and consumables used		**(59,455)**	(54,584)
Staff costs		**(68,361)**	(64,642)
Depreciation		**(6,245)**	(5,191)
Property rentals and related expenses		**(37,935)**	(32,093)
Utilities and cleaning expenses		**(7,810)**	(7,106)
Other expenses		**(11,352)**	(9,027)
Listing expenses		**(16,847)**	–
Finance costs	*7*	**(538)**	(311)
Profit before tax	*8*	**6,910**	25,854
Income tax expense	*9*	**(4,139)**	(4,087)
Profit and total comprehensive income for the year		**2,771**	21,767
Profit and total comprehensive income for the year attributable to			
— Owners of the Company		**1,208**	14,214
— Non-controlling interests		**1,563**	7,553
		2,771	21,767
Earnings per share	*11*		
— Basic *(HK cents)*		**0.4**	5.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2018

	NOTES	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**24,530**	22,661
Rental and utilities deposits	*12*	**13,385**	8,111
Prepayments and deposits	*12*	**2,521**	1,524
Deferred tax assets		**481**	349
		40,917	32,645
CURRENT ASSETS			
Trade and other receivables	*12*	**10,335**	6,445
Held for trading investments		**–**	27
Amount due from a shareholder		**29**	–
Income tax recoverable		**155**	–
Bank balances and cash		**78,449**	21,079
		88,968	27,551
CURRENT LIABILITIES			
Trade and other payables	*13*	**15,520**	10,164
Amount due to a director		**–**	12,138
Amount due to a shareholder/a non-controlling shareholder of subsidiaries		**415**	395
Advances from non-controlling shareholder of subsidiaries		**–**	2,720
Bank borrowings		**4,504**	12,436
Obligations under finance leases — due within one year	*14*	**381**	539
Tax payable		**3,007**	2,452
		23,827	40,844
NET CURRENT ASSETS (LIABILITIES)		**65,141**	(13,293)
TOTAL ASSETS LESS CURRENT LIABILITIES		**106,058**	19,352

	NOTE	2018 HK$'000	2017 HK$'000
NON-CURRENT LIABILITIES			
Obligations under finance leases			
— due over one year	*14*	**176**	557
Provision for reinstatement costs		**873**	698
Provision for long service payments		**198**	–
Deferred tax liabilities		**957**	622
		2,204	1,877
NET ASSETS		**103,854**	17,475
CAPITAL AND RESERVES			
Share capital		**40,000**	–
Reserves		**63,854**	12,212
Equity attributable to owners of the Company		**103,854**	12,212
Non-controlling interests		**–**	5,263
TOTAL EQUITY		**103,854**	17,475

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note (i))	Other reserve HK$'000 (Note (ii))	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2016	–	–	–	58	20,685	20,743	5,471	26,214
Profit and total comprehensive income for the year	–	–	–	–	14,214	14,214	7,553	21,767
Dividend paid (Note 10)	–	–	–	–	(23,000)	(23,000)	–	(23,000)
Dividend paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	(7,506)	(7,506)
Acquisition of additional interest in a subsidiary	–	–	–	255	–	255	(255)	–
At 31 March 2017	–	–	–	313	11,899	12,212	5,263	17,475
Profit and total comprehensive income for the year	–	–	–	–	1,208	1,208	1,563	2,771
Issue of new shares by the Company and acquisition of non-controlling interests pursuant to Group Reorganisation (Note 2)	300	–	(300)	–	6,826	6,826	(6,826)	–
Issue of new shares by the Company								
— capitalisation issue	29,700	(29,700)	–	–	–	–	–	–
— upon share offer in the Listing (as defined in Note 1)	10,000	82,000	–	–	–	92,000	–	92,000
Transaction costs attributable to issue of new shares	–	(8,392)	–	–	–	(8,392)	–	(8,392)
At 31 March 2018	40,000	43,908	(300)	313	19,933	103,854	–	103,854

Notes:

i. The special reserve represents the differences between the nominal amount of the share capital issued by the Company pursuant to the Group Reorganisation (as defined and detailed in Note 2) and the issued share capital of BWHK Limited when the Company became the holding company of the Group upon completion of the Group Reorganisation on 23 June 2017.

ii. Other reserve represents the aggregate amount of:

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	HK$'000	HK$'000
OPERATING ACTIVITIES		
Profit before tax	**6,910**	25,854
Adjustments for:		
Depreciation of property, plant and equipment	**6,245**	5,191
Loss on disposal of property, plant and equipment	**335**	117
Fair value change on held for trading investments	**–**	(1)
Bank interest income	**(9)**	–
Interest income from life insurance policies	**(64)**	(56)
Finance costs	**538**	311
Operating cash flows before movements in working capital	**13,955**	31,416
Increase in trade and other receivables and rental and utilities deposits	**(9,142)**	(1,255)
Increase in trade and other payables	**5,081**	147
Increase in provision for reinstatement costs	**175**	63
Increase in provision for long service payments	**198**	–
Increase (decrease) in amount due to a shareholder/ a non-controlling shareholder of subsidiaries	**20**	(78)
Cash generated from operations	**10,287**	30,293
Income tax paid	**(3,536)**	(1,365)
NET CASH FROM OPERATING ACTIVITIES	**6,751**	28,928
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(10,814)**	(9,174)
Proceeds from disposal of property, plant and equipment	**2,640**	32
Deposits paid for acquisition of property, plant and equipment	**(825)**	–
Deposits paid for acquisition of business	**(130)**	–
Interest received	**9**	–
Advance to a shareholder	**(29)**	–
Net proceeds from disposal of held for trading investments	**27**	–
Repayment from a non-controlling shareholder of a subsidiary	**–**	120
NET CASH USED IN INVESTING ACTIVITIES	**(9,122)**	(9,022)

	2018	2017
	HK$'000	*HK$'000*
FINANCING ACTIVITIES		
Repayment to non-controlling shareholders of subsidiaries	**(2,720)**	(8,271)
Bank borrowings raised	**13,000**	11,000
Repayment of bank borrowings	**(20,932)**	(3,565)
Advance from a director	**–**	7,050
Repayment to a director	**(12,138)**	(23,534)
Interest paid on bank borrowings	**(513)**	(295)
Interest paid on obligations under finance leases	**(25)**	(16)
Principal payments for obligations under financial leases	**(539)**	(302)
Issue of new shares upon share offer in the Listing (defined in Note 1)	**92,000**	–
Payment of transaction cost attributable to issue of new shares	**(8,392)**	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**59,741**	(17,933)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**57,370**	1,973
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**21,079**	19,106
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**78,449**	21,079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Cayman Companies Law on 26 May 2017 and changed its name from "Taste Gourmet Group Limited" to "Taste • Gourmet Group Limited" on 14 July 2017. The shares of the Company have been listed on GEM since 17 January 2018 (the "**Listing**" or "**Listing Date**"). Its parent is IKEAB Limited ("**IKEAB**"), a private company incorporated in the British Virgin Island ("**BVI**"). The address of the registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is located at Unit B, 24/F, Crawford Tower, 99–101 Jervois Street, Sheung Wan, Hong Kong. Its ultimate controlling parties are Mr. Wong Ngai Shan ("**Mr. NS Wong**") and Ms. Chan Wai Chun ("**Ms. Chan**").

The Company is an investment holding company and the principal activities of its subsidiaries are operating restaurants in Hong Kong.

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

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on the accounting policies which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the principles of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

In preparation of the Listing, the Group underwent a group reorganisation (the "Group Reorganisation") below to rationalise the group structure of the companies now comprising the Group.

Prior to the completion of Group Reorganisation on 23 June 2017, 70% and 30% of Better World Holdings Limited ("Better World Holdings"), a company incorporated in Hong Kong and the holding company of all operating subsidiaries of the Group, was owned and jointly controlled by Mr. NS Wong and Ms. Chan, collectively as the "Controlling Shareholders", respectively. The Group Reorganisation included the following steps:

a. On 19 May 2017, IKEAB was incorporated in the BVI with limited liability. The initial authorised share capital of IKEAB is US$50,000 divided into 50,000 ordinary shares of a single class with a par value of US$1.00 each. On 1 June 2017, 70 and 30 ordinary shares were allotted and issued with a par value of US$1.00 each as fully paid to Mr. NS Wong and Ms. Chan, respectively, and the issued share capital of IKEAB became 70% owned by Mr. NS Wong and 30% owned by Ms. Chan.

b. On 26 May 2017, the Company was incorporated in the Cayman Islands with limited liability. Upon its incorporation, one subscriber share was allotted and issued as nil paid to an independent third party as initial subscriber and the nil-paid share was transferred to IKEAB on the same day.

c. On 31 May 2017, BWHK Limited ("BWHK") was incorporated in the BVI with limited liability and one share with a par value of US$1.00 each was allotted and issued as fully paid to the Company. BWHK became a direct wholly-owned subsidiary of the Company accordingly.

d. On 23 June 2017, BWHK as a nominee of the Company acquired the entire issued share capital of Better World Holdings at a consideration of HK$116,410,000. The consideration was satisfied by (1) issued and allotted 2,494,499 shares of the Company credited as fully paid to IKEAB, and (2) credited as fully paid at par the nil-paid share held by IKEAB. Upon the completion of this acquisition, Better World Holdings became a wholly-owned subsidiary of BWHK.

e. On 23 June 2017, Better World Holdings acquired 35% issued share capital of Business Development Limited ("**Business Development**") at an aggregate consideration of HK$8,172,000 from the then non-controlling shareholders, namely Mr. Wong Ngai Ming ("**Mr. NM Wong**")*, Mr. Ng Chun Yum ("Mr. Ng") and Mr. Chu Kwan Foon ("**Mr. Chu**"). The consideration was satisfied by issuance and allotment of 76,886, 49,114 and 49,114 shares of the Company credited as fully paid to Mr. NM Wong, Mr. Ng and Mr. Chu, respectively, in consideration of their transfer in aggregate of 35% of the issued share capital of Business Development to Better World Holdings. Upon the completion of this acquisition, Business Development became a wholly-owned subsidiary of Better World Holdings.

f. On 23 June 2017, Better World Holdings acquired 49% issued share capital of Nice Grain Limited ("Nice Grain") at an aggregate consideration of HK$6,038,000 from the then non-controlling shareholders, namely Mr. NM Wong*, Mr. Ng, Mr. Chu, Ms. Lau Man Wai ("Ms. Lau"), Mr. Ko Ka Lok ("**Mr. Ko**") and Mr. Huang Yi Liang ("**Mr. Huang**")*. The consideration was satisfied by issuance and allotment of 22,500, 45,257, 15,814, 11,657, 11,657 and 22,500 shares of the Company credited as fully paid to Mr. NM Wong, Mr. Ng, Mr. Chu, Ms. Lau, Mr. Ko and Mr. Huang, respectively, in consideration of their transfer in aggregate of 49% of the issued share capital of Nice Grain to Better World Holdings. Upon the completion of this acquisition, Nice Grain became a wholly-owned subsidiary of Better World Holdings.

g. On 23 June 2017, Better World Holdings acquired 45% issued share capital of Rise Charm Limited ("**Rise Charm**") at an aggregate consideration of HK$1,155,000 from Mr. Ng, the non-controlling shareholder. The consideration was satisfied by issuance and allotment of 24,750 shares of the Company credited as fully paid to Mr. Ng in consideration of his transfer of 45% of the issued share capital of Rise Charm to Better World Holdings. Upon the completion of this acquisition, Rise Charm became a wholly-owned subsidiary of Better World Holdings.

h. On 23 June 2017, Better World Holdings acquired 40% issued share capital of Taste New Limited ("**Taste New**") at an aggregate consideration of HK$1,248,000 from the then non-controlling shareholders, namely Mr. NM Wong*, Mr. Ng, Ms. Lau and Mr. Ko. The consideration was satisfied by issuance and allotment of 10,029, 10,029, 3,343 and 3,343 shares of the Company credited as fully paid to Mr. NM Wong*, Mr. Ng, Ms. Lau and Mr. Ko, respectively, in consideration of their transfer in aggregate of 40% of the issued share capital of Taste New to Better World Holdings. Upon the completion of this acquisition, Taste New became a wholly-owned subsidiary of Better World Holdings.

i. On 23 June 2017, Better World Holdings acquired 32% issued share capital of Taste Gourmet Limited ("**Taste Gourmet**") at an aggregate consideration of HK$3,978,000 from the then non-controlling shareholders, namely Mr. NM Wong*, Mr. Ng and Mr. Chu. The consideration was satisfied by issuance and allotment of 40,585, 26,250 and 18,408 shares of the Company credited as fully paid to Mr. NM Wong*, Mr. Ng, and Mr. Chu, respectively, in consideration of their transfer in aggregate of 32% of the issued share capital of Taste Gourmet to Better World Holdings. Upon the completion of this acquisition, Taste Gourmet became a wholly-owned subsidiary of Better World Holdings.

j. On 23 June 2017, Better World Holdings acquired 35% issued share capital of Better World Development Limited ("**Better World Development**") at an aggregate consideration of HK$2,999,000 from the then non-controlling shareholders, namely Mr. Ng and Mr. Chu. The consideration was satisfied by issuance and allotment of 17,100 and 47,164 shares of the Company credited as fully paid to Mr. Ng, and Mr. Chu, respectively, in consideration of their transfer in aggregate of 35% of the issued share capital of Better World Development to Better World Holdings. Upon the completion of this acquisition, Better World Development became a wholly-owned subsidiary of Better World Holdings.

* Mr. NM Wong and Mr. Huang are brothers of Mr. NS Wong, one of the Controlling Shareholders of the Group.

The Group resulting from the Group Reorganisation, which involves interspersing the Company and BWHK between the Controlling Shareholders of Better World Holdings and Better World Holdings as well as the acquisition of the non-controlling interests in the subsidiaries of Better World Holdings as detailed in steps e. to j. above, continued to be jointly controlled by the Controlling Shareholders before and after the Group Reorganisation and is therefore regarded as a continuing entity. Accordingly, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 March 2018 and 2017 have been prepared to include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the years ended 31 March 2018 and 2017, or since their respective dates of incorporation, where applicable. The consolidated statement of financial position of the Group as at 31 March 2017 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Group Reorganisation had been in existence at that date taking into account the respective date of incorporation, where applicable.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing the consolidated financial statements for the year ended 31 March 2018, the Group has consistently applied all HKFRSs issued by the HKICPA that are effective for the Group's financial year beginning on 1 April 2017.

New and revised HKFRSs and interpretations in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

HKFRS 9 ***Financial Instruments***

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the Directors anticipate the following potential impacts on initial application of HKFRS 9:

Classification and measurement:

- Except for financial assets which are subject to expected credit losses model upon application of HKFRS 9, all other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the Directors anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, it is not likely to have material impact on the results and financial position of the Group.

HKFRS 15 ***Revenue from Contracts with Customers***

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the reporting periods, based on the existing business model of the Group as at 31 March 2018.

HKFRS 16 ***Leases***

Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

Based on the definition of lease payments under HKFRS 16, deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, the Directors do not expect the adoption of HKFRS 16, as compared to the current accounting policy of the Group, would result in a significant impact on the results and net assets of the Group.

Except those mentioned above, the Directors anticipate that the application of other new and revised HKFRSs and Interpretations will have no material impact on the consolidated financial statements in foreseeable future.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received and receivable from restaurant operations, net of discounts, during the years ended 31 March 2018 and 2017.

The principal activities of the Group are operating restaurants serving different kinds of cuisine in Hong Kong during the years ended 31 March 2018 and 2017. Information reported to the Controlling Shareholders, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and performance assessment, focuses on types of goods or services delivered or provided. The CODM has determined that the Group has only one reportable segment which includes all the restaurants serving different kinds of cuisine in Hong Kong, each of which is considered a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as they are all full-service restaurants which target the mid-to-high-end customers in Hong Kong.

Segment revenue and results

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

	2018	2017
	HK$'000	*HK$'000*
Revenue from external sales	**215,175**	198,568
Segment profit	**31,334**	29,140
Unallocated other income	**64**	56
Unallocated other gain and losses, net	**(335)**	(116)
Unallocated expenses	**(24,153)**	(3,226)
Profit before tax	**6,910**	25,854

Segment profit represents the profit earned by the reportable segment without interest income from life insurance policy, loss on disposal of property, plant and equipment, gain on changes in fair value of held for trading investments, allocation of central administration costs, and listing expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Measures of total assets and liabilities are not reported as this financial information is not reviewed by the CODM for the assessment of performance and allocation of resources of the Group's business activities.

The Group's revenue from external customers by cuisine is as follow:

	2018	2017
	HK$'000	*HK$'000*
Vietnamese	**70,075**	71,297
Japanese	**93,847**	78,992
Western	**13,878**	10,902
Chinese	**37,375**	37,377
	215,175	198,568

No geographical information is presented as the Group's operations and non-current assets are located in Hong Kong.

The Group's customer base is diversified and no individual customer had contributed more than 10% of the Group's revenue during the years ended 31 March 2018 and 2017.

5. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**9**	–
Interest income from life insurance policy	**64**	56
Others	**540**	234
	613	290

6. OTHER GAINS AND LOSSES, NET

	2018	2017
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**(335)**	(117)
Gain on changes in fair value of held for trading investments	**–**	1
Insurance claim for a burglary accident	**–**	66
	(335)	(50)

7. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interests on:		
— bank borrowings	**513**	295
— obligations under finance leases	**25**	16
	538	311

8. PROFIT BEFORE TAX

	2018	2017
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,380**	220
Directors' remuneration	**4,915**	5,835
Other staff costs		
— salaries and other benefits	**54,503**	50,774
— performance-based bonus*	**6,181**	5,908
— retirement benefits scheme contribution excluding directors	**2,564**	2,125
— provision for long service payments	**198**	–
Total directors and other staff costs	**68,361**	64,642

* Performance-based bonus of the employees were determined based on the revenue generated by the respective restaurants in the relevant year.

9. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
The charge comprises Hong Kong Profits Tax		
— Current tax	**3,859**	4,046
— Underprovision in prior year	**77**	–
Deferred tax charge	**203**	41
	4,139	4,087

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

10. DIVIDENDS

During the year ended 31 March 2017, Better World Holdings, a subsidiary of the Company currently, declared an interim dividend of HK$23,000,000 before completion of the group reorganisation to its Controlling Shareholders.

During the year ended 31 March 2017, Rise Charm, Nice Grain, Business Development, Better World Development and Taste Gourmet, the then non-wholly owned subsidiaries of the Company, declared and paid dividends of HK$2,200,000, HK$3,900,000, HK$5,000,000, HK$5,020,000 and HK$5,000,000, respectively, to their shareholders, and HK$7,506,000 in total was paid to the then non-controlling shareholders as dividends of these subsidiaries.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2018 of HK2.2 cents (2017: nil) per ordinary share, in an aggregate amount of HK$8,800,000 (2017: nil), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

11. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**1,208**	14,214
	Number of shares	
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**308,779,041**	245,794,120

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the years ended 31 March 2018 and 2017 has been determined on the assumption that the group reorganisation and the capitalisation issue had been effective since 1 April 2016.

No diluted earnings per share is presented as there were no potential ordinary shares in issue during the years ended 31 March 2018 and 2017.

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**1,739**	966
Rental and utilities deposits	**14,984**	10,706
Prepayments for life insurance policy *(Note)*	**1,569**	1,527
Prepaid rent and rates and property management fee	**2,790**	2,562
Prepayments, other receivables and other deposits	**4,334**	319
Deposits for acquisitions of property, plant and equipment	**825**	–
	26,241	16,080
Less items expected to be realised over one year shown under non-current assets:		
— Rental and utilities deposits	**(13,385)**	(8,111)
— Prepayments for life insurance policy	**(1,566)**	(1,524)
— Deposits for acquisitions of property, plant and equipment	**(825)**	–
— Deposit for acquisition of a business	**(130)**	–
	10,335	6,445

Note: In January 2012, the Group entered into a life insurance policy with an insurance company to insure Mr. NS Wong, a director of the Company (the "**Policy**"). Under this Policy, the Group is the beneficiary and policy holder and the total insured sum is US$1,080,000 (equivalent to approximately HK$8,370,000). The Group is required to pay a single premium of US$172,925 (equivalent to approximately HK$1,340,000) at inception. The Group can, at any time, withdraw cash based on the account value of the policy ("**Account Value**") at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge deducted from Account Value. This insurance company will pay the Group a guaranteed interest rate of 4.4% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 3% per annum) during the effective period of the policy.

At the inception date of the policy, the upfront payment made by the Group included a fixed policy premium charge and a deposit. Monthly policy expense and insurance charges will be incurred over the insurance period with reference to the terms set out in the life insurance policy. The policy premium, expense and insurance charges are recognised in profit or loss over the expected life of the policies and the deposit placed is carried at amortised cost using the effective interest method. As represented by the Directors, the Group will not terminate the policy nor withdraw cash prior to 16th policy year for the Policy and the expected life of the policy remained unchanged from the initial recognition.

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

As at 31 March 2018 and 2017, the Company's trade receivables represents receivables from financial institutions in relation to the payment settled by credit cards by customers of which the settlement period is normally within 2 days from the service rendered date, and receivables from the food delivery agents. Based on transaction date, all trade receivables as based on invoice date are aged within 30 days as at the end of each of the reporting date. All trade receivables are settled subsequent to the end of the reporting period. None of the trade receivables are past due but not impaired as at 31 March 2018 and 2017.

Before accepting any new food delivery agent, the Group assesses the potential food delivery agent's credit quality and defines credit limits by food delivery agents. Limits and scoring attributed to food delivery agents are reviewed regularly by the Directors. Trade receivables which are past due are provided for impairment loss based on estimated irrecoverable amounts from sales of goods, determined by reference to past default experience.

None of the Group's trade receivables was individually or collectively considered to be impaired. The Group does not hold any collateral over these balances.

Included in trade and other receivables is the following amount denominated in a currency other than the functional currency of the respective group entity:

	2018	2017
	HK$'000	*HK$'000*
United States Dollar	**1,569**	1,527

13. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables		
— aged within 30 days (based on invoice date)	**4,383**	3,510
Accrued employee benefit expense	**5,629**	4,060
Deferred rent	**2,347**	2,113
Other payable for property, plant and equipment	**275**	–
Accruals	**2,886**	481
	15,520	10,164

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

14. OBLIGATIONS UNDER FINANCE LEASES

	31.3.2018	31.3.2017
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current liabilities	**381**	539
Non-current liabilities	**176**	557
	557	1,096

It is the Group's policy to lease motor vehicles under finance leases. The average lease term is 3 years (2017: 3 years). The average interest rates underlying all obligations under finance leases were 1.23% (2017: 1.23%) per annum.

	Minimum lease payments		Present value of Minimum lease payments	
	31.3.2018	31.3.2017	**31.3.2018**	31.3.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Obligations under finance leases payable				
— within one year	**391**	564	**381**	539
— in more than one year but not more than two years	**179**	391	**176**	380
— in more than two years but not more than five years	**–**	179	**–**	177
	570	1,134	**557**	1,096
Less: Future finance charges	**(13)**	(38)		
Present value of lease obligations	**557**	1,096		
Less: Amount due for settlement within one year shown under current liabilities			**(381)**	(539)
Amount due for settlement after one year			**176**	557

During the year ended 31 March 2017, the Group entered into a finance lease arrangement in respect of a motor vehicle with a total capital value at the inception of the lease of approximately HK$813,000 (2018: Nil).

15. SUBSEQUENT EVENTS

In March 2018, the Company entered into a sales and purchase agreement with an independent third party to acquire a restaurant operation business (the "Acquisition") for a cash consideration of HK$200,000, and the Acquisition was completed in April 2018. The fair value of the assets and liabilities of the business acquired, and the goodwill, arising on the Acquisition, if any, are not yet finalised up to the date of these consolidated financial statements are approved for issuance, and the Directors are currently assessing the financial impact of the Acquisition.

BUSINESS REVIEW

Restaurant Network

During the year ended 31 March 2018, the Group continued to capture a larger market share in the mid-to-high-end market segment by opening (i) Nabe Urawa Restaurant in Hysan Place in Causeway Bay ("**TNC**") in September 2017; (ii) a restaurant under our new brand "Say Cheese" offering western light meal in Park Central ("**TST**"), Tseung Kwan O in November 2017; and (iii) two "Say Cheese" kiosks offering western light meal in Olympian City, West Kowloon ("**TSO**") and in Metroplaza, Kwai Fong ("**TSM**") in December 2017. Subsequent to 31 March 2018, we have opened our fourth Nabe Urawa restaurant in the Uptown Plaza in Tai Po in April 2018 ("**Uptown Nabe Urawa**") and our Dab-Pa Jing Chuan Hu in the Metroplaza in Kwai Fong ("**Metroplaza Dab-Pa**") is scheduled to open at the end of June 2018. In addition, we have also entered into lease agreements to open one Dab-pa restaurant in the Citygate in Tung Chung in the fourth quarter of 2018 and one Nabe Urawa restaurant in Park Central in Tseung Kwan O also in the fourth quarter of 2018.

The number of restaurants as at 31 March 2017, 31 March 2018 and as at the date of this announcement are as follows:

Restaurant	31 March 2017	**31 March 2018**	**Date of Announcement**
La'taste	5	**5**	**5**
Nabe Urawa	2	**3**	**4**
Dab-Pa	2	**2**	**2**
Say Cheese Kiosk	–	**2**	**2**
Fiat Caffé	1	**1**	**1**
Say Cheese	–	**1**	**1**
Sweetology	–	**–**	**1**
Urawa	1	**1**	**1**
Total	11	**15**	**17**

Details of the committed leases are as follows:

Restaurant	Location	Mall Operator	Lease Expiry Date	Option to Renew (Yrs)	Expected Commencement Date	Seats	Site Area (Sq M)
Dab-pa Jing Chuan Hu	Metroplaza, Kwai Fong	Sun Hung Kai	15/05/2024	None	Q2 2018	180	372.26
Dab-pa	Citygate, Tung Chung	Swire Group	30/09/2023	None	Q4 2018	120	236.90
Nabe Urawa	Park Central, TKO	Sun Hung Kai	31/08/2022	2	Q4 2018	140	306.58

Acquisitions

Sweetology

On 26 March 2018, we entered into an agreement to acquired Sweetology (the "**Sweetology Acquisition**"), a dessert restaurant with a limited choice of food offering such as pasta and all-day breakfast, from an independent third party (the "**Vendor**"). The Sweetology Acquisition was completed on 1 April 2018 which included the transfer of the Light Refreshment Restaurant Licence, all fixtures and equipment, and the trademark registration of Sweetology in Hong Kong. The approximate size of the site at Metroplaza is 637.65 sq.ft. with 45 seats. Operated by one of the major property developer and operator of premium shopping malls in Hong Kong (the "**Metroplaza Landlord**"), Metroplaza is located adjacent to the Kwai Fong MTR Station and is one of the busiest shopping malls in the region. The current lease will expire on 5 November 2018 and the renewal of which will be subject to further negotiation with the Metroplaza Landlord, however the current lease has been transferred to the Group.

We believe that the acquisition of Sweetology will enhance our dessert offerings across all our restaurants as both western style and Chinese style desserts are currently offered by Sweetology. Minimal costs on the improvement works have been incurred in the refreshment of Sweetology.

Central Kitchen

Included in the Sweetology Acquisition was the transfer of a Food Factory Licence and related furniture, fixtures and equipment from the Vendor (the "**Transfer**") at a location in Kwai Fong (the "**Central Kitchen Property**") which was operated as a central kitchen by the Vendor prior to the Transfer. The Central Kitchen Property is approximately 1,289.62 sq.ft. and is jointly owned by Mr. NS Wong and Ms. Chan, both are Directors and the beneficial owners of IKEAB, the substantial shareholder holding approximately 62.375% interest in the shares of the Company, therefore Mr. NS Wong and Ms. Chan together (the "**Central Kitchen Landlord**") are connected persons as defined in Rule 20.07 of the GEM Listing Rules. On 26 March 2018, the Group entered into a lease agreement with the Central Kitchen Landlord for a duration of one year commencing 1 April 2018 at HK$24,000 per month (the "**Central Kitchen Lease Agreement**") which was determined through arm's length negotiations with reference to the market rent for similar properties within the vicinity of the Central Kitchen Property at the time when the lease agreement is entered into.

The annual rental amount payable under the Central Kitchen Lease Agreement is HK$288,000 for the year ended 31 March 2019. The applicable percentage ratio (as defined in the GEM Listing Rules) calculated with reference to the annual rental payable under the Central Kitchen Lease Agreement exceeds 0.1% but less than 5%, and the annual rental payable will not exceed HK$3,000,000. Therefore, the transaction contemplated under the Central Kitchen Lease Agreement constitutes a de minimis continuing connected transaction for our Company pursuant to the GEM Listing Rules, which is exempted from reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 20 of the GEM Listing Rules.

We believe that the Central Kitchen will enable the Group to better control our procurement costs as well as staff costs. In addition, the Group will be able to provide a more consistent quality of our food products across our restaurants. We have incurred approximately HK$0.3 million on the improvement works at the Central Kitchen.

Consideration for the Sweetology Acquisition and the Transfer

The total consideration for the Sweetology Acquisition and the Transfer of HK$200,000 was determined through arm's length negotiations with reference to the net assets value of the Sweetology Acquisition. For details of the Sweetology Acquisition and the Transfer, please refer to the voluntary announcement issued by the Company dated 26 March 2018.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Other than the Sweetology Acquisition, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2018.

Restaurant Operations

During the year ended 31 March 2018, a total of 1,429,526 customers patronized our restaurants, an increase of 42,120 customers or 3.0% when compared to the year ended 31 March 2017. The average spending per customer increased from HK$143.1 to HK$150.5. The key operating information by brand are summarized as follows:

	Year Ended 31 March									
	2018					2017				
	Number of Seats	**Average Daily Sales** *HK$*	**Number of Customers**	**Average Spending per Customer** *HK$*	**Daily Seating Turnover Rate**	Number of Seats	Average Daily Sales *HK$*	Number of Customers	Average Spending per Customer *HK$*	Daily Seating Turnover Rate
Vietnamese	**494**	**193,601**	**687,291**	**102.0**	**3.8**	494	196,454	695,433	102.5	3.9
Japanese	**533**	**289,240**	**395,778**	**237.1**	**2.3**	581	264,826	398,106	198.4	2.3
Chinese	**168**	**102,397**	**227,749**	**164.1**	**3.7**	168	111,647	224,917	166.2	4.0
Western	**189**	**62,474**	**118,708**	**116.9**	**2.8**	93	30,034	68,950	158.1	2.0
	1,384	**647,712**	**1,429,526**	**150.5**	**3.1**	1,336	602,961	1,387,406	143.1	3.2

We strive to uphold our core values of "Food Quality and Customer Satisfaction" through providing to our diversified customer base a pleasant experience with quality dishes and attentive services at affordable price. We believe our multi-brand strategy enables us to capture a diversified group of customers with different taste and allow us to benefit from a wide source of revenue. Given the dynamic market and changing taste of customers in general, we endeavour to maintain a diversified portfolio of brands in order to maintain our competitiveness towards our customers.

Share Offer

On 17 January 2018, the Company's Shares were successfully listed on GEM at HK$0.92 per share (the "**Share Offer**"). The Company issued 100,000,000 shares under the Share Offer raising net proceeds of approximately HK$66.8 million after deducting the underwriting fees and other related expense (the "**Net Proceeds**"). The Net Proceeds will be applied as follows:

- Approximately HK$45.5 million, representing approximately 68.0% of the Net Proceeds will be used for the setup of new restaurants;
- Approximately HK$8.0 million, representing approximately 12.0% of the Net Proceeds will be used for upgrading our existing restaurants by way of renovation and refurbishment;
- Approximately HK$0.3 million, representing approximately 0.5% of the Net Proceeds will be used for upgrading our information technology system;
- Approximately HK$6.7 million, representing approximately 10.0% of the Net Proceeds will be used for repayment of bank loans; and
- Approximately HK$6.3 million, representing approximately 9.5% of the Net Proceeds will be used for working capital and general corporate purposes.

Future Plans

The following is a comparison of the Group's business plan as set out in the prospectus issued by the Company dated 29 December 2017 (the "**Prospectus**") with actual business progress for the period from the Listing Date to 31 March 2018:

Business Strategies	Business plan up to 31 March 2018 as set out in the Prospectus	Actual progress up to 31 March 2018
Expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong	Set up new restaurants in Hong Kong, which will incur rental, utilities and management fee deposits for the one Nabe Urawa Restaurant in the New Territories and one Dab-Pa Restaurant in the New Territories	Rental, utilities and management fee deposits paid for Uptown Nabe Urawa. Rental, utilities and management fee deposits for Metroplaza Dab-Pa was not paid until April 2018
Enhance our brand recognition through raising our service levels on a continual basis, the increase of marketing initiatives and renovation of our restaurants	Renovation and refurbishment of the Urawa Restaurant	Renovation and refurbishment of the Urawa Restaurant commenced at the end of the period

Metroplaza Dab-Pa

Metroplaza Dab-Pa was originally planned for the first quarter of 2020 (project number 9 under the "Business" section on page 95 of the Prospectus); however, the site became available during the year and the Board decided to take up the Lease as it is located in one of the busiest shopping malls operated by one of the major property developer and operator of premium shopping malls in Hong Kong. The lease is for 6 years (the expected lease term was disclosed as 4 years in the Prospectus).

The approximate size of the site is 4,000 sq.ft. (the approximate size of the site was originally estimated to be 3,500 sq.ft. as disclosed in the Prospectus) which is expected to accommodate around 180 seats (the seating was originally estimated to be 150 as disclosed in the Prospectus). The new restaurant is expected to commence operations in June of this year and the estimated investment cost is approximately HK$7,000,000 (the estimated investment cost was originally estimated to be HK$6,300,000 as disclosed in the Prospectus), which will be funded from the Net Proceeds. The larger site area is the reason for the higher investment cost as compared to the original estimate of HK$6,300,000 and the higher investment cost for this Dab-Pa restaurant would result in the decrease in funds available from Net Proceeds from the Share Offer for other projects listed on pages 94 and 95 of the Prospectus (the "**Other Projects**"). However, the Board believes that internal resources of the Group will be sufficient to fund the Other Projects.

Urawa Renovation

Renovation and refurbishment at our Urawa Japanese Restaurant was carried out over a five-day period during the Easter Holidays in 2018.

Use of Proceeds

The Net Proceeds from the Listing Date to 31 March 2018 had been applied as follows:

	Planned use of Net Proceeds from Listing Date to 31 March 2018 *HK$ million* *(Note 1)*	**Actual use of Net Proceeds from Listing Date to 31 March 2018** *HK$ million*
Expand our restaurants in Hong Kong — Uptown Nabe Urawa Restaurant	**2.0**	**3.2**
Renovation of our existing — Urawa Restaurant	**0.3**	**0.3**
Repayment of Bank Loans	**6.6**	**6.6**
Upgrading our information technology system	**–**	**–**
Working Capital	**5.0**	**5.0**
	13.9	**15.1**

Note 1: The breakdown of the planned use of Net Proceeds has been adjusted based on the total Net Proceeds of HK$66.8 million and in the same proportion allocated to each of its usage as disclosed in the Prospectus.

Uptown Nabe Urawa

The estimated investment cost including rental, utilities and management fee deposits for the Uptown Nabe Urawa project disclosed as project number 4 under the "Business" section on page 95 of the Prospectus was approximately HK$4.5 million (the "**Estimated Investment Cost**"). Approximately HK$2.0 million of the payment of the Estimated Investment Cost was initially planned for the period from the Listing Date to 31 March 2018 with the remaining HK$2.5 million to be paid during the period from 1 April 2018 to 30 September 2018. As the lease for the Uptown Nabe Urawa commenced on 1 March 2018, the majority of the renovation works were carried out during the month of March, resulting in the payment of approximately HK$3.2 million during the period from the Listing Date to 31 March 2018 with the remaining balance to be paid during the period from 1 April 2018 to 30 September 2018. However, the total investment cost for the Uptown Nabe Urawa project was approximately HK$3.8 million, slightly below the Estimated Investment Cost.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2018, the Group recorded revenue of HK$215,175,000, representing an increase of 8.4% when compared to the year ended 31 March 2017.

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

	Year Ended 31 March			
	2018 *HK$'000*	**% of total revenue**	2017 *HK$'000*	% of total revenue
Vietnamese	**70,075**	**32.6%**	71,297	35.9%
Japanese	**93,847**	**43.6%**	78,992	39.8%
Chinese	**37,375**	**17.4%**	37,377	18.8%
Western	**13,878**	**6.4%**	10,902	5.5%
Total revenue	**215,175**	**100.0%**	198,568	100.0%

The increase in revenue is attributable to the opening of: (i) TNC at the end of September 2017; (ii) TST in November 2017; (iii) TSO and TSM in December 2017; and (iv) the additional revenue reflecting a full year of operation of the Dab-pa restaurant in Tuen Mun which opened in the second quarter of 2016 and the Nabe Urawa in The One which opened in the fourth quarter of 2016. However, such increases were offset by the closure of the Tsuen Wan Urawa in the first quarter of 2017.

Major Cost Components

	Year ended 31 March				Changes
	2018	**% of Revenue**	2017	% of Revenue	
	HK$'000		*HK$'000*		
Raw materials and consumables used	**59,455**	**27.6%**	54,584	27.5%	8.9%
Staff costs	**68,361**	**31.8%**	64,642	32.6%	5.8%
Depreciation	**6,245**	**2.9%**	5,191	2.6%	20.3%
Property rentals and related expenses	**37,935**	**17.6%**	32,093	16.2%	18.2%
Utilities and cleaning expenses	**7,810**	**3.6%**	7,106	3.6%	9.9%

For the year ended 31 March 2018, raw materials and consumables used, staff costs, depreciation, property rentals and related expenses and utilities and cleaning expenses have recorded increases of 8.9%, 5.8%, 20.3%, 18.2% and 9.9%, respectively when compared to the same period in 2017. As a percentage of revenue, raw materials and consumables used, depreciation and utilities and cleaning expenses have remained quite stable during the two years.

Raw materials and consumables used

The increase in raw materials and consumables used when compared to the year ended 31 March 2017 is in-line with the increase in revenue for reasons discussed above.

Staff costs

Staff costs increased by 5.8% when compared to the year ended 31 March 2017 primarily due to the closure of the Tsuen Wan Urawa in the first quarter of 2017 but offset by the increase of staff costs for new outlets opened during the year and new outlets that opened in 2016 having a full year of operations during the current year. The number of staff required for Nabe Urawa and Say Cheese are less compared to our traditional Urawa restaurant which is evident in our staff costs as a percentage of revenue. Staff costs as a percentage of revenue decreased from 32.6% for the year ended 31 March 2017 to 31.8% for the year ended 31 March 2018.

Depreciation

Depreciation increased by 20.3% when compared to the year ended 31 March 2017 was primarily due to the opening of four new restaurants during the year ended 31 March 2018 compared to two new openings during the year ended 31 March 2017. However, the increase in depreciation was offset by the closure of Tsuen Wan Urawa in the first quarter of 2017.

Property rentals and related expenses

Property rentals and related expenses increased by 18.2% and slightly increased as a percentage of revenue when compared to the year ended 31 March 2017. The increase is primarily due to the opening of four new restaurants during the year ended 31 March 2018 compared to two new openings during the year ended 31 March 2017, however, the increase was offset by the closure of Tsuen Wan Urawa in the first quarter of 2017. The reason for the slight increase as a percentage of revenue was due to amortisation of the deferred rent to the income statement during the rent-free periods prior to their respective commencement of operations without having any corresponding revenue.

Utilities and cleaning expenses

The increase in utilities and cleaning expenses when compared to the year ended 31 March 2017 is in-line with the increase in revenue for reasons discussed above.

Other expenses

	Year ended 31 March				Changes
	2018	**% of total**	2017	% of total	
	HK$'000		*HK$'000*		
Accounting fee	**–**	**0.0%**	185	2.0%	(100.0%)
Advertising	**157**	**1.4%**	203	2.2%	(22.7%)
Auditor's remuneration	**1,380**	**12.1%**	215	2.4%	541.9%
Air-conditioning fee	**496**	**4.4%**	511	5.7%	(2.9%)
Credit card charges	**2,466**	**21.7%**	2,146	23.8%	14.9%
Delivery charges	**1,354**	**11.9%**	980	10.9%	38.2%
Entertainment	**472**	**4.2%**	744	8.2%	(36.6%)
Insurance	**715**	**6.3%**	547	6.1%	30.7%
Legal and professional fees	**1,259**	**11.1%**	194	2.1%	549.0%
Licence fee	**69**	**0.6%**	105	1.2%	(34.3%)
Printing and stationery	**338**	**3.0%**	560	6.2%	(39.6%)
Repairs and maintenance	**1,391**	**12.3%**	1,852	20.5%	(24.9%)
Shop reinstatement costs	**175**	**1.5%**	63	0.7%	177.8%
Telephone and fax	**127**	**1.1%**	111	1.2%	14.4%
Transportation	**64**	**0.6%**	114	1.3%	(43.9%)
Others	**889**	**7.8%**	497	5.5%	78.9%
	11,352	**100.0%**	9,027	100.0%	

Other expenses include items such as advertising expenses, credit card charges, delivery fees, entertainment expenses, insurance, printing and stationery, medical expenses and repairs and maintenance. Other expenses amounted to HK$11,352,000 and accounted for 5.3% of revenue for the year ended 31 March 2018 and HK$9,027,000 and accounted for 4.5% of revenue for the year ended 31 March 2017. The increase was primarily due to general increase in expenses such as credit card charges, delivery charges and shop reinstalment costs as more restaurants were in operations during the year and increase in expenses directly attributable to the compliance costs on maintaining the listing of the Company's shares on GEM such as legal and professional fees and auditor's remuneration.

There were also decrease in repairs and maintenance, entertainment and printing and stationery expenses due to better cost control.

Listing expenses

Total expenses incurred in relation to the Share Offer amounted to approximately HK$25,239,000 for the year ended 31 March 2018 (2017: Nil), of which approximately HK$16,847,000 were expensed to the income statement ("**Listing Expenses**") with the remaining HK$8,392,000 capitalised in the share premium reserve of the Company.

Taxation

Taxation amounted to HK$4.1 million for the year ended 31 March 2018, which was the same as the previous year. The effective tax rate has increased significantly from 15.8% for the year ended 31 March 2017 to 59.9% for the year ended 31 March 2018. The effective tax rate, adjusted for Listing Expenses, which is not deductible for tax purpose, for the year ended 31 March 2018 was 17.4%. The Group's subsidiaries are subject to a tax rate of 16.5%.

Net Profit and Profit Attributable to Owners of the Company

For the year ended 31 March 2018, net profit and profit attributable to owners of the Company, adjusted for the impact of Listing Expenses, amounted to HK$19,618,000 and HK$18,055,000, respectively, representing a decrease of HK$2,149,000 and an increase of HK$3,841,000 or 9.9% and 27.0%, respectively when compared to the year ended 31 March 2017. The main reason for the decrease in the net profit was due to increase in expenses directly attributable to the compliance costs on maintaining the listing of the Company's shares on GEM such as legal and professional fees and auditor's remuneration. The reason for the increase in profit attributable to owners of the Company was due to the decrease in the non-controlling interests of the subsidiaries.

For the year ended 31 March 2018, the net profit margin adjusted for the impact of Listing Expenses was 9.1%, representing a decrease of 1.9 percentage points when compared to the 11.0% recorded for the year ended 31 March 2017. The reason for the decrease is directly attributable to the compliance costs on maintaining the listing of the Company's shares on GEM such as legal and professional fees and auditor's remuneration.

Financial Resources and Position

As at 31 March 2018, total borrowings amounted to HK$4.5 million, representing a decrease of HK$7.9 million or 63.8% compared to the year ended 31 March 2017. The outstanding bank loan carries variable-rate at Hong Kong Dollar Best Lending Rate less 2.20% per annum and was secured by leasehold land and buildings owned by the Controlling Shareholders, guarantees given by the Controlling Shareholders and blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Company which was subsequently replaced by the corporate guarantee of the Company. During the year, approximately HK$6.6 million of the Net Proceeds was used to repay our outstanding bank loans with the remaining HK$1.3 million repayment funded with internal resources of the Group.

As at 31 March 2018, obligations under finance leases amounted to approximately HK$0.6 million which are secured by two motor vehicles of the Company with a net book value of approximately HK$1.1 million.

Cash and cash equivalents amounted to approximately HK$78.4 million as at 31 March 2018 which are mostly denominated in HK$. As the Group's businesses are conducted in Hong Kong, therefore the Group does not expect to be exposed to any material foreign exchange risks.

As at 31 March 2018, the Group had a current ratio of 3.7 times and net cash position (net debt divided by equity attributable to owners of the company plus net debt).

Staff Training and Development

As at 31 March 2018, the Group had a total of 259 employees, all of whom are situated in Hong Kong. In addition to offering competitive remuneration packages to employee discretionary bonuses, share options may also be granted to eligible employees based on individual performance.

The Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics, determined the emoluments of the Directors. None of the Directors or any of his/her associates, and executive, is involved in dealing in his/her own remuneration.

Contingent Liabilities

As at 31 March 2018, the Group did not have any significant contingent liabilities (2017: Nil).

Capital Commitments

As at 31 March 2018, the Group's outstanding capital commitments was approximately HK$549,000 (2017: Nil).

Final Dividend

The Board recommended the payment of a final cash dividend out of the share premium account under reserves of the Company of HK$0.022 per Share (2017: Nil) to Shareholders whose names are on the register of members of the Company on 8 August 2018, which is subject to the approval by the Shareholders at the annual general meeting of the Company on 30 July 2018 or any adjournment thereof and compliance with the Companies Law of the Cayman Islands.

It is expected that the cheques for cash dividends will be sent by ordinary mail to the Shareholders at their own risk on or about 28 August 2018.

As committed in the Prospectus, an annual dividend will be paid to our Shareholders at a ratio of not less than 30% of profit attributable to Shareholders (the "**Dividend Pay-out Ratio**"). Any amount of dividends to be declared and paid by our Company in excess of the 30% ratio will be at the discretion of our Directors taking into consideration our future operations and earnings, our business development, capital requirements and surplus, general financial conditions, contractual restrictions and such other factors as our Directors consider appropriate. In light of the one-off Listing Expenses, the Directors have calculated the Dividend Pay-out ratio after adjusting for the Listing Expenses. The profit attributable to Shareholders after adjusting for Listing Expenses amounted to HK$18,055,000 and based on the estimated dividend amount of HK$8,800,000, the adjusted Dividend Pay-out Ratio is 48.7%.

FUTURE PROSPECTS

The food and beverage sector in Hong Kong, although competitive, has ample opportunities for the better operators. With the larger landlords investing heavily in the refurbishment of their shopping malls in recent years and the opening of new shopping malls planned for the next couple of years, our multi-branding strategy is poised to take advantage of the site locations that may become available by offering mall operators with a diverse portfolio of restaurants to fit their profile. In addition, with the completion of the construction of the mega infrastructure projects in Hong Kong such as the high-speed rail terminus and the Hong Kong, Macau and Zhuhai bridge, we believe we will also benefit from the increase in tourists from these two routes.

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.

As for our expansion, in addition to the three committed new restaurants discussed above, we are actively in discussion with shopping mall landlords for new potential locations.

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

Corporate Governance

During the year ended 31 March 2018, the Company had complied with the code provisions as set out in the Code on Corporate Governance Code in Appendix 15 of the GEM Listing Rules.

Competing Interests

As at 31 March 2018, none of the Directors or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

Model Code for Securities Transactions by Directors

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors (the "**Model Code**"). All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2018.

Audit Committee

The Company has an audit committee (the "**Audit Committee**") which was established in accordance with the requirements of the GEM Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control procedures. As at the date of this announcement, the Audit Committee comprises Mr. Wang Chin Mong (Chairman of the Audit Committee), Mr. Tsang Siu Chun and Ms. Chan Yuen Ting, all of whom are independent non-executive Directors.

An Audit Committee meeting was held on 14 June 2018 to review the audited consolidated financial statements of the Group for the year ended 31 March 2018, and is of the opinion that such financials complied with the applicable accounting standards, legal and disclosure requirements applicable to the Group.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

Appreciation

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

By Order of the Board
WONG Ngai Shan
Chairman and Executive Director

Hong Kong, 14 June 2018

As at the date of this announcement, the Board comprises:

Executive Directors:
WONG Ngai Shan *(Chairman)*
CHAN Wai Chun *(Chief Executive Officer)*

Independent Non-executive Directors:
CHAN Yuen Ting
TSANG Siu Chun
WANG Chin Mong

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's websites at www.hkexnews.hk and www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.tastegourmet.com.hk.