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 2019

Financial Highlights:

- Number of restaurants increased by 46.7% to 22 as at 31 March 2019.
- Four more new restaurants have opened since 31 March 2019.
- Number of customers grew strongly by 46.3% to over 2.1 million during the year.
- Strong revenue growth of 43.0% to approximately HK$307.7 million for the year.
- Profit attributable to Owners of the Company increased significantly to approximately HK$27,252,000 or increase of 50.9% (the figure for the previous year has been adjusted for the impact of listing expenses incurred).
- Proposed final dividend of HK$0.015 per share. An interim dividend of HK$0.015 per share was paid during the year.

The board of directors (the "**Board**") of the 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 2019 (the "**Annual Results**"). This announcement contains full text of the annual report of the Group for the year ended 31 March 2019 and the contents were prepared in accordance with the relevant disclosure requirements of the Rules Governing the Listing of Securities on the GEM (the "**GEM Listing Rules**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Annual Results have been reviewed by the Board and the audit committee of the Company.

This results announcement is published on the websites of the Company at www.tastegourmet.com.hk and the Stock Exchange at www.hkexnews.hk and www.hkgem.com. The annual report of the Company for the year ended 31 March 2019 will be delivered to the shareholders of the Company and will be available at the abovementioned websites in due course.

Dividend

The Board recommended the payment of a final cash dividend out of the retained profits under reserves of the Company of HK$0.015 per share (2017: HK$0.022) to Shareholders whose names are on the register of members of the Company on 17 July 2019, which is subject to the approval by the Shareholders at the annual general meeting of the Company on 8 July 2019 or any adjournment thereof (the "**2019 AGM**") and compliance with the Companies Law of the Cayman Islands. The Company paid an interim dividend of HK$0.015 per share for the six months ended 30 September 2018 during the year.

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 5 August 2019.

Closure of Register of Members

The register of members of the Company will be closed for the following periods:

(1) from 3 July 2019 to 8 July 2019, both days inclusive, during which period no transfer of shares will be registered for the purpose of ascertaining the shareholders entitled to attend and vote at the 2019 AGM; and

(2) from 12 July 2019 to 17 July 2019, both days inclusive, during which period no transfer of shares will be registered for the purpose of ascertaining the shareholders entitled to the final dividend to be approved at the 2019 AGM.

All completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 2 July 2019 and 11 July 2019 respectively.

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

Hong Kong, 30 May 2019

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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this Announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Announcement misleading.

This announcement will remain on the "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.

TASTE · GOURMET

GROUP LIMITED

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2018/19 ANNUAL REPORT

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

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

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

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

COMPLIANCE OFFICER

Mr. YU Man To Gerald Maximillian

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPLIANCE COMMITTEE

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

COMPLIANCE ADVISER

Dongxing Securities (Hong Kong) Company Limited

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 24/F Crawford Tower
99-101 Jervois Street, Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

08371

COMPANY'S WEBSITE

www.tastegourmet.com.hk

HIGHLIGHTS

FINANCIAL SUMMARY

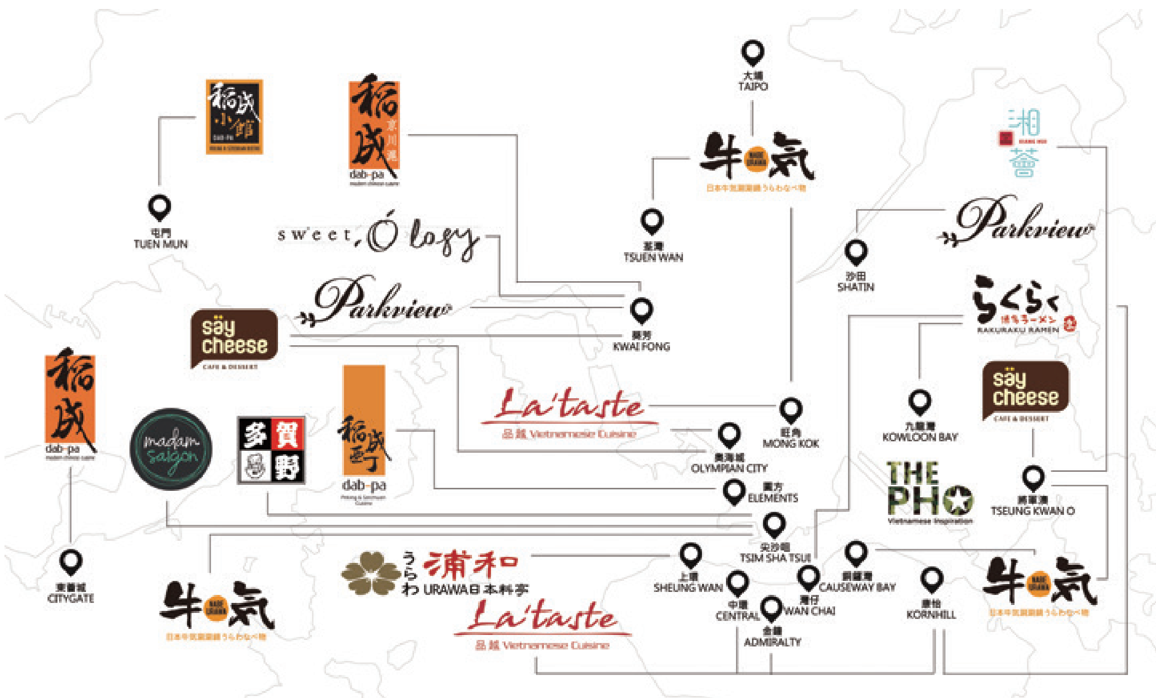
	For the year ended 31 March			
	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
Results				
Revenue	163,431	198,568	215,175	**307,712**
Profit before taxation	21,285	25,854	6,910	**31,674**
Income tax expense	(2,407)	(4,087)	(4,139)	**(4,422)**
Profit for the year	18,878	21,767	2,771	**27,252**
Profit and total comprehensive income for the year attributable to:				
– Owners of the Company	12,001	14,214	1,208	**27,252**
– Non-controlling interests	6,877	7,553	1,563	**–**
Profit for the year	18,878	21,767	2,771	**27,252**
	HK cents	HK cents	HK cents	**HK cents**
Earnings per Share				
– Basic	4.7	5.8	0.4	**6.9**
– Diluted	N/A	N/A	N/A	**6.9**

	As at 31 March			
	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** HK$'000
Assets and Liabilities				
Total assets	52,614	60,196	129,885	**132,984**
Total liabilities	(26,400)	(42,721)	(26,031)	**(30,897)**
	26,214	17,475	103,854	**102,087**
Equity attributable to:				
– Owners of the Company	20,743	12,212	103,854	**102,087**
– Non-controlling interests	5,471	5,263	–	**–**
Total equity	26,214	17,475	103,854	**102,087**

The results for the two years ended 31 March 2018 have been prepared on a combined basis to indicate the results of the Group as if the Group structure, at the time when the Company's shares were listed on the Stock Exchange, had been in existence throughout the years concerned. The figures for the two years ended 31 March 2017 have been extracted from the Company's prospectus dated 29 December 2017.

HIGHLIGHTS

GEOGRAPHICAL COVERAGE



OUR RESTAURANT LEASES

Brand	# of Outlets	Existing Location	Lease Expiry Date	Option to Renew (Years)	Seats	FEHD Licensed Area (Sq M)
La'taste	5	Far East Finance Centre, Admiralty	14 October 2024	None	97	151.26
		Olympian City, Olympic	31 March 2022	None	62	91.82
		Kornhill Plaza, Taikoo	18 October 2020	None	124	211.66
		Stanley Street (street front)	01 November 2021	None	94	146.79
		Grand Plaza, Mongkok	31 October 2020	None	117	656.43
Nabe Urawa	5	Grand Plaza Mongkok	31 October 2020	None	132	
		The One, TST	30 September 2022	None	104	215.36
		Hysan Place, CWB	02 August 2020	3	142	300.24
		Park Central TKO	14 March 2023	2	138	283.04
		Uptown Plaza, Tai Po	28 February 2024	None	86	215.36
Say Cheese	3	Park Central TKO	01 November 2021	2	80	144.31
		Olympian City, Olympic (Kiosk)	31 October 2021	None	16	34.75
		Metroplaza, Kwai Fong (Kiosk)	26 November 2020	None	None	22.11
Dab-Pa	3	Town Plaza, Tuen Mun	25 April 2021	None	92	165.12
		Elements, West Kowloon	31 July 2021	None	76	116.00
		Metroplaza, Kwai Fong	15 May 2024	None	168	358.57
Rakuraku	3	Lee Tung Avenue, Wanchai	07 October 2023	None	40	92.90
		MegaBox, Kowloon Bay	28 February 2023	None	57	96.65
		Kornhill Plaza, Taikoo	23 April 2022	2	65	107.73
Parkview	2	Metroplaza, Kwai Fong	24 July 2021	None	124	223.50
		New Town Plaza, Shatin	30 September 2020	None	118	209.29
Urawa	1	Des Voeux Road West (street front)	31 May 2021	None	155	291.25
Sweetology	1	Metroplaza, Kwai Fong	06 November 2020	None	31	59.24

HIGHLIGHTS

ENVIRONMENT, SOCIAL AND GOVERNANCE INFORMATION

Use of Resources

Water Consumption	Electricity Consumption	Gas Consumption
89,000 Cubic Metres	4,017,000 Kilowatt Hours	4,902,000 Megajoules

Emission Data

Food Waste Disposal — Non-Hazardous	Cooking Oil Waste Disposal — Non-Hazardous
1,491,000 Kg	33,000 Kg

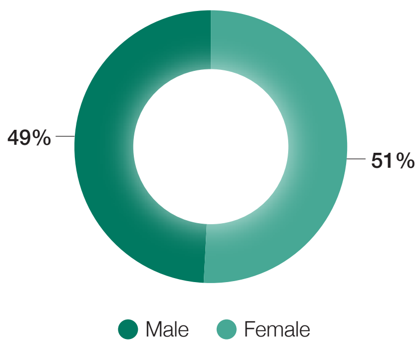
CO_2 Emission	NO_x Emission
3,244,000 Kg	419,000 Kg

SO_x Emission	PM Emission
10,000 Kg	490 Kg

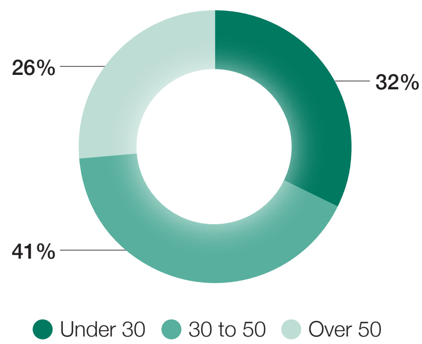
HIGHLIGHTS

Staff Profile

By Gender



By Age Group



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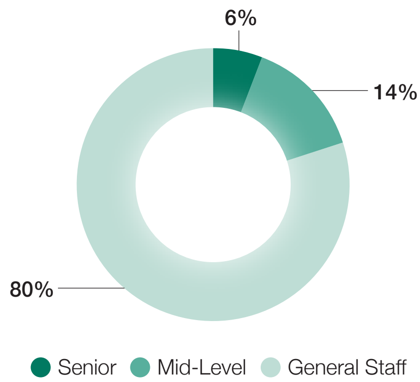

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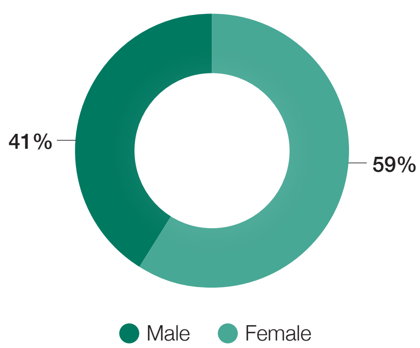
By Gender



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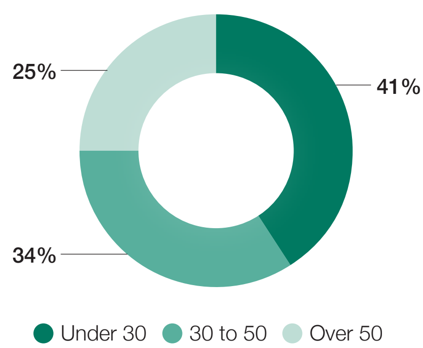

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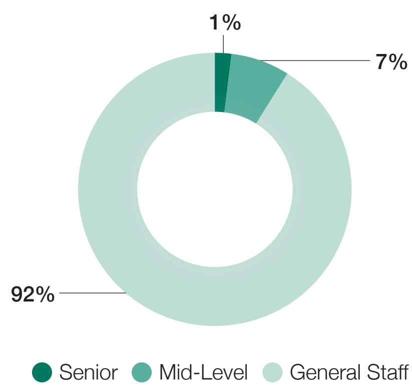

HIGHLIGHTS

Awards

Quality Service Award 2018 from the MTR

The Best Japanese Shabu Shabu Award from PCCW

Community

Hong Kong Green Shop Alliance

Hong Kong Red Cross Pass it on Campaign

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Taste • Gourmet Group Limited (the "**Company**" or "**Taste • Gourmet**"), I am pleased to present the annual report of the Company and its subsidiaries (together the "**Group**") for the year ended 31 March 2019.

The year 2018 marked the 11th anniversary of the founding of the Group, representing a significant new milestone in the second decade of the Group's business development. Adhering to our core value of "value-for-money" and working with our excellent team, we have overcome the challenges in the past ten years and expanded the Group from a single brand company into a multi-branded robust enterprise. As of 31 March 2019, the Company owns 22 self-operated and joint venture restaurants in Hong Kong.

In the past year, despite the rising costs of raw materials, labor, rent and utility services, which have adversely affected the profitability of the catering industry, the Group has steadily improved its business through adopting comprehensive measures of increasing revenue and reducing expenditure, thus becoming more profitable than our peers.

Believing that excellent customer service is an essential element of a "happy dining experience", we invested substantial resources last year to enhance our in-house training, launched a "staff incentive day" scheme and provided outpatient healthcare schemes with an aim to motivate our staff to provide better service. We also continuously collect customers' comments and opinions on our services through different channels, such as fan page and suggestion boxes in our restaurants, to improve services in a timely manner. As a result, "Dab-Pa Cuisine Restaurant" of the Company was awarded by the MTR the "Quality Service Award 2018" for the second time after 2016.

With the completion of a number of major cross-boundary projects, the launch of the planning framework for the greater bay area recently, and the implementation of various policies, the exchanges between Hong Kong and China undoubtedly will become more frequent. Meanwhile, the business environment in Hong Kong will become more positive in the future. Supporting by our strong local management team, the Company can accurately identify consumer tastes, fully seize the opportunities of development and bring continued success.

On behalf of the Board, I would like to thank all the staff for their contribution to the development of the Company in the past year, and thank all the business partners, customers and shareholders for their support. The Company will continue to seize opportunities and strive to maximize the interests of our shareholders and the Company.

Wong Ngai Shan
Chairman and Executive Director

Hong Kong, 30 May 2019

CEO REPORT

BUSINESS REVIEW

Restaurant Network

During the year ended 31 March 2019, the Group (i) opened Nabe Urawa Restaurant at the Uptown Plaza in Tai Po ("**Uptown Nabe Urawa**") in April 2018; (ii) acquired a dessert restaurant, Sweetology which was completed on 1 April 2018; (iii) opened the Dab-Pa Jing Chuan Hu at the Metroplaza in Kwai Fong ("**Metroplaza Dab-Pa**") in July 2018; and (iv) opened our first Japanese ramen restaurant under our own brand, Rakuraku Ramen in Lee Tung Avenue in Wanchai ("**Wanchai Rakuraku**").

The Fiat Caffé ("**TFC**") was closed down at the end of August but has since reopened in October as Madam Saigon, a modern Vietnamese Restaurant. Madam Saigon, together with The Pho are both 50% owned by the Group and 50% owned by the Lubuds Food and Beverage Group (the "**Lubuds Group**"), details of which is discussed under the heading "Long Sea Limited" below.

During the year ended 31 March 2019, we also entered into an agreement to acquire three restaurants from an independent third party (the "**Parkview Acquisition**") operated under the brand "Parkview" (the "**Parkview Restaurants**"), details of the acquisition are discussed under the heading "The Parkview Acquisition" below. The Parkview Acquisition was completed on 31 October 2018.

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 this Report**
La'taste	5	5	5
Nabe Urawa	3	4	5
Dab-Pa	2	3	3
Parkview	–	2	2
Say Cheese Kiosk	2	2	2
Fiat Caffé	1	–	–
Say Cheese	1	1	1
Sweetology	–	1	1
Urawa	1	1	1
Rakuraku Ramen	–	1	3
Madam Saigon(1)	–	1	1
The Pho(1)	–	1	1
Xiang Hui(2)	–	–	1
Total	15	22	26

Notes:

(1) 50% owned by the Group.

(2) 40% owned by the Group.

Please refer to the Lease Summary Table on page 5 of this annual report for details of our restaurants.

CEO REPORT

During April 2019, we opened a new Nabe Urawa Restaurant at the Park Central in Tseung Kwan O ("**TKO Nabe Urawa**"), a new Rakuraku Ramen Restaurant at the MegaBox in Kowloon Bay ("**MegaBox Rakuraku**"), a new Rakuraku Ramen Restaurant at the Kornhill Plaza in Taikoo ("**Kornhill Rakuraku**") and a new Xiang Hui Restaurant at the PopWalk in Tseung Kwan O ("**Xiang Hui**"). The shop at which Xiang Hui is located was previously one of our Parkview Restaurant ("**PopWalk Parkview**") which was closed down at the end of February 2019 and reopened as Xiang Hui. For details of Xiang Hui, please refer to the paragraph headed "United Mind Limited" below.

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

Restaurant	Location	Mall Operator	Lease Expiry Date	Option to Renew (Years)	Expected Commencement Date	Seats	Site Area (Sq M)
Dab-Pa	Citygate, Tung Chung	Swire Group	31/09/2023	None	Q2 2019	120	236.90
Nabe Urawa	Nina Tower II, Tsuen Wan	Chinachem	TBC (6 Years)	None	Q3 2019	120	250.80
Takano Ramen	K11 MUSEA, TST	New World Group	30/05/2022	2	Q3 2019	60	149.00

Long Sea Limited

On 31 August 2018, we subscribed shares (the "**Subscription**") equivalent to 50% equity interest in the enlarged share capital of Long Sea Limited ("**Long Sea**"), an independent third party. The remaining 50% equity interest in Long Sea is owned by the Lubuds Group, also an independent third party. The consideration for the Subscription was approximately HK$1,203,000, of which approximately HK$1,149,000 was settled using the assets (the "**Fiat Caffé Assets**") of TFC, which is the same as the net book value of the Fiat Caffé Assets as at 31 August 2018 (the "**TFC Disposal**") and approximately HK$54,000 in cash. On the same day, TFC ceased operations but has since reopened as Madam Saigon in October 2018, a modern Vietnamese Cuisine at the same location at the Mira Place in Tsim Sha Tsui.

In addition to Madam Saigon, Long Sea own and operate "The Pho", a Vietnamese food kiosk situated in the food court in Hysan Place, Causeway Bay. Long Sea is a jointly controlled entity with one board representation each from the Company and the Lubuds Group and is equity accounted for in the accounts of the Company.

For details of the Subscription, please refer to the announcement issued by the Company dated 7 September 2018.

The Parkview Acquisition

On 26 September 2018, we entered into an agreement with an independent third party to acquire three of their restaurants under the "Parkview" brand for a total consideration of HK$5,500,000. The Parkview Restaurants are situated at the Metroplaza in Kwai Fong, New Town Plaza in Shatin and the PopWalk in TKO (the "**TKO Parkview**"). The Parkview Acquisition was completed on 31 October 2018 and we have been granted a perpetual, unlimited and unrestricted licence to use the "Parkview" brand. For details of the Parkview Acquisition, please refer to the announcement issued by the Company dated 26 September 2018. In addition to the total consideration, we were required to provide rental and management fee deposits to the landlords upon the signing of the novation agreements which amount to approximately HK$3,000,000.

CEO REPORT

Licensing of a Japanese Ramen Brand

On 13 July 2018, we entered into a licensing agreement (the "**Licensing Agreement**") with an independent third party from Japan (the "**Licensor**") to license the rights to the exclusive and unlimited usage for all countries outside of Japan of a Japanese ramen brand "多賀野" or "Takano" (the "**License**").

Our first "多賀野" ramen restaurant will open at the K11 MUSEA, Victoria Dockside in Tsim Sha Tsui during Q3 2019.

For details of the licensing agreement and the new lease agreement, please refer to the announcements issued by the Company dated 23 July 2018 and 20 May 2019, respectively.

United Mind Limited

On 24 January 2019, we entered into an agreement to subscribed for shares (the "**UML Subscription**") in a newly Hong Kong incorporated company, United Mind Limited (the "**UML**") equivalent to 40% equity interest in the share capital of UML. The remaining 60% equity interest in UML is owned by HN Spicy Hot Restaurant Management Limited (湖南軒湘味坊餐飲管理有限公司), an independent third party of which 30% is owned by Hunan Sunshine International Limited (三湘國際有限公司) which is a subsidiary of Hunan Sunshine Holdings Limited (三湘集團有限公司), a Hunan Provincial Government sanctioned company incorporated in Hong Kong in 1985. The consideration for the UML Subscription was HK$4,000. UML took-over the TKO Parkview and has been converted into a Hunan Provincial cuisine restaurant under a new brand "Xiang Hui" or "湘薈". A new lease has commenced on 1 March 2019. The funding of renovation costs and the deposits for the new lease and working capital will be through shareholders' loan proportionate to our shareholding in UML (the "**UML SH Loans**"). Our portion of the UML SH Loan amounts to approximately HK$1,040,000. For details of the UML Subscription, please refer to the announcement issued by the Company dated 25 January 2019.

Significant Investments, Material Acquisitions or Disposals

Other than the Subscription, the TFC Disposal, the Parkview Acquisition, the Licensing Agreement and the UML Subscription, there were no other significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2019.

CEO REPORT

Restaurant Operations

During the year ended 31 March 2019, a total of 2,091,499 customers patronized our restaurants (excluding Madam Saigon and The Pho as they are equity accounted for in the consolidated financial statements of the Group), an increase of 661,973 customers or 46.3% when compared to the same period during the previous year. The average spending per customer decreased from HK$150.5 to HK$147.1 for the year ended 31 March 2019 compared to the same period during the previous year but if the kiosks and the dessert business are excluded, the average spending per customer increased to HK$163.3 from HK$152.7 when compared to the same period during the previous year. The average spending per order for our kiosks was HK$36.8 and the average spending per customer for our dessert business was HK$54.2. The key operating information by cuisine are summarized as follows:

	Year Ended 31 March											
	2019						2018					
	Revenue	Number of Seats	Average Daily Sales	Number of Customers	Average Spending per Customer	Daily Seating Turnover Rate	Revenue	Number of Seats	Average Daily Sales	Number of Customers	Average Spending per Customer	Daily Seating Turnover Rate
	HK$'000		HK$		HK$		HK$'000		HK$		HK$	
Vietnamese	**66,551**	**494**	**183,779**	**641,253**	**103.8**	**3.6**	70,075	494	193,601	687,291	102.0	3.8
Japanese	**125,966**	**660**	**364,122**	**520,614**	**242.0**	**2.3**	93,846	533	289,240	395,778	237.1	2.3
Chinese	**64,264**	**336**	**199,874**	**376,409**	**170.7**	**3.5**	37,375	168	102,397	227,749	164.1	3.7
Western	**37,547**	**519**	**222,333**	**264,167**	**142.1**	**3.0**	12,721	173	51,204	90,782	140.1	2.1
	294,328	**2,009**	**970,108**	**1,802,443**	**163.3**	**3.0**	214,018	1,368	636,443	1,401,600	152.7	3.0
Dessert	**8,556**	**31**	**23,506**	**157,939**	**54.2**	**14.0**	–	–	–	–	–	–
Kiosks	**4,828**	**16**	**13,263**	**131,117**	**36.8**	**22.5**	1,157	16	11,270	27,926	41.4	17.0
	307,712	**2,056**	**1,006,877**	**2,091,499**	**147.1**	**3.3**	215,175	1,384	647,712	1,429,526	150.5	3.1

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 Repurchase

From 19 June 2018 to 6 July 2018, we purchased from the market a total of 6,472,000 Shares which were subsequently cancelled on 2 August 2018 and from 18 March 2019 to 26 March 2019, we purchased from the market a total of 13,796,000 Shares which were subsequently cancelled on 18 April 2019. We believe that the current trading price of the Shares does not reflect the intrinsic value and that the share repurchase reflects the Company's confidence in its long-term business prospects and would ultimately benefit the Company and create value for Shareholders.

CEO REPORT

Grant of Share Options

On 29 June 2018, a total of 2,810,000 share options were granted to eligible employees of the Company to subscribe for 2,810,000 Shares at an exercise price of HK$0.92 per Share (the "**Share Options**"). The Share Options granted represent approximately 0.70% of the total issued capital of the Company as at date of the grant. No Share Options were granted to any of the Directors. For details of the grant of Share Options, please refer to the announcement issued by the Company dated 29 June 2018.

Change in the Use of Proceeds

On 26 September 2018, the Board resolved to change the use of proceeds for from the share offer of the Company dated 29 December 2017 (the "**Share Offer**") to fund the Total Commitment of the Parkview Acquisition. Project number 5 under the "Business" section on page 95 of the prospectus of the Share Offer (the "**Prospectus**") was allocated HK$13.0 million for the opening of a La'taste Vietnamese Restaurant in the third quarter of 2018 (the "**Project**"). The Project was conducted through an open tender to lease a location at a food court and with our initial tender not being successful, the Board has decided not to submit another tender, therefore HK$8.5 million of which will be reallocated to fund the Parkview Acquisition (the "**Reallocation**") with the remaining HK$4.5 million to be allocated to new stores opening to be identified in due course.

The net proceeds from the Shares Offer after deducting underwriting fees, commissions and other expenses in connection with the Listing (the "**Net Proceeds**") amounted to approximately HK$66.8 million. After the Reallocation, the Net Proceeds will be applied in the following manner:

- Approximately HK$37.0 million, representing approximately 55.4% of the Net Proceeds will be used for the setup of new restaurants;

- Approximately HK$8.5 million, representing approximately 12.7% of the Net Proceeds will be used for the Parkview Acquisition;

- 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 9.4% of the Net Proceeds will be used for working capital and general corporate purposes.

CEO REPORT

Future Plans

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress for the period from 1 October 2018 to 31 March 2019:

Business Strategies	Business plan from 1 October 2018 to 31 March 2019 as set out in the Prospectus	Business plan not yet completed carried over from Previous Periods	Actual progress from 1 October 2018 to 31 March 2019
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:		The actual progress are as follows:
	(i) part of the renovation costs and acquisition costs for furniture and equipment and consumables for the TKO Nabe Urawa;		(i) majority of the renovation costs and acquisition costs for furniture and equipment and consumables for the TKO Nabe Urawa have been incurred;
	(ii) the rental, utilities and management fee deposits, renovation costs, acquisition costs for furniture and equipment and consumables for the second new Nabe Urawa Restaurant (Nina Tower Nabe Urawa) in the New Territories;		(ii) rental and management fee deposits have been paid. The site will be handed over to us in April 2019, therefore we expect the remaining costs will be incurred during the period from 1 April 2019 to 30 September 2019;

Business Strategies	Business plan from 1 October 2018 to 31 March 2019 as set out in the Prospectus	Business plan not yet completed carried over from Previous Periods	Actual progress from 1 October 2018 to 31 March 2019
	(iii) renovation costs, acquisition costs for furniture and equipment and consumables for the first new Dab-pa Restaurant (Citygate Dab-pa);		(iii) due to the delay in the construction of the site at the Citygate in Tung Chung, the site will not be handed over to us until April 2019, therefore we expect the renovation costs, acquisition costs for furniture and equipment and consumables will be incurred during the period from 1 April 2019 to 30 September 2019;
	(iv) the rental, utilities and management fee deposits for the first new La'taste Restaurant in the New Territories (Amount reallocated to the acquisition of the Parkview Restaurants and for the opening of the MegaBox Rakuraku and Wanchai Rakuraku during the period from 1 April 2018 to 30 September 2018); and		(iv) Amounts reallocated to the acquisition of the Parkview Restaurants and for the opening of the Wanchai Rakuraku have been fully utilised. Rental and management fee deposits for MegaBox Rakuraku have been paid and the renovation costs, acquisition costs for furniture and equipment and consumables have been partially utilised with the remaining costs to be incurred during the period from 1 April 2019 to 30 September 2019; and

Business Strategies	Business plan from 1 October 2018 to 31 March 2019 as set out in the Prospectus	Business plan not yet completed carried over from Previous Periods	Actual progress from 1 October 2018 to 31 March 2019
		(v) the rental, utilities and management fee deposits for the third new Nabe Urawa Restaurant in the New Territories.	(v) we are currently in discussion with several landlords for the possible location, however we have not entered into any lease agreements, therefore no rental, utilities and management fee deposits for the third new Nabe Urawa Restaurant in the New Territories have been paid.
Enhance our brand recognition through raising our service levels on a continual basis, the increase of marketing initiatives and renovation of our restaurants	(i) Renovation and refurbishment of the Dab-Pa Restaurant at the Elements ("**TDC**").		(i) Renovation and refurbishment of TDC will commence in April 2019.
		(ii) Renovation and refurbishment of the La'taste Restaurant in the Olympic City ("**TLO**").	(ii) A total of HK$1.3 million was incurred on the renovation and refurbishment of TLO, TLM, TNM, TLC, TLA, TLK, TDC, TUS, TDB and TNT during the period from 1 October 2018 to 31 March 2019.
Upgrade our information technology system	Upgrade our point-of-sale (POS) system at our restaurants		A total of HK$0.1 million have been incurred.

CEO REPORT

Use of Proceeds

The Net Proceeds from the Share Offer had been applied as follows:

	Original allocation as disclosed in the Prospectus	Revised allocation as disclosed in					Utilised as at 31 March 2019	Unutilised as at 31 March 2019
		10 April 2018 announcement	26 September 2018 announcement	26 October 2018 announcement	31 January 2019 announcement	20 May 2019 announcement		
	HK$ Millions	HK$ Millions	HK$ Millions	HK$ Millions	HK$ Millions	HK$ Millions	HK$ Millions	HK$ Millions
Expand our restaurants in Hong Kong								
– Uptown Nabe Urawa	4.5	4.5	3.7	3.7	3.7	3.7	(3.7)	–
– Metroplaza Dab-Pa	6.3	7.0	6.9	6.9	6.9	6.9	(6.9)	–
– TKO Nabe Urawa	4.7	4.7	4.7	4.7	4.7	4.7	(4.2)	0.5
– Dab-Pa Restaurant (Citygate)	5.0	5.0	5.0	5.0	5.0	5.0	–	5.0
– La'taste Restaurant (New Territories)	13.0	13.0	–	–	–	–	–	–
– Nabe Urawa (Nina Tower II)	6.7	6.7	6.7	6.7	6.7	6.7	(1.0)	5.7
– La'taste Restaurant (Kowloon)	1.2	1.2	1.2	1.2	–	–	–	–
– Nabe Urawa (New Territories)	4.1	3.4	4.1	4.1	2.5	–	–	–
– Wanchai Rakuraku	–	–	–	2.3	2.3	2.3	(2.3)	–
– MegaBox Rakuraku	–	–	–	2.4	2.4	2.4	(1.6)	0.8
– Kornhill Rakuraku	–	–	–	–	2.8	2.8	(0.8)	2.0
– Takano Ramen	–	–	–	–	–	2.5	–	2.5
– New project not yet identified	–	–	4.7	–	–	–	–	–
	45.5	45.5	37.0	37.0	37.0	37.0	(20.5)	16.5
Acquisition of restaurants								
– Parkview Restaurants	–	–	8.5	8.5	8.5	8.5	(8.5)	–
	–	–	8.5	8.5	8.5	8.5	(8.5)	–
Enhance our brand recognition								
– Renovation of TUS, TLO, TDC, TFC, TLA, TLK, TLC, TLM, TNM and TNT	8.0	8.0	8.0	8.0	8.0	8.0	(1.6)	6.4
	8.0	8.0	8.0	8.0	8.0	8.0	(1.6)	6.4
Other use of proceeds								
– Repayment of Bank Loans	6.7	6.7	6.7	6.7	6.7	6.7	(6.7)	–
– Upgrading our information technology system	0.3	0.3	0.3	0.3	0.3	0.3	(0.1)	0.2
– Working Capital	6.3	6.3	6.3	6.3	6.3	6.3	(6.3)	–
	13.3	13.3	13.3	13.3	13.3	13.3	(13.1)	0.2
Total Use of Proceeds	66.8	66.8	66.8	66.8	66.8	66.8	(43.7)	23.1

Notes:

TDB – Dab-Pa Bistro Restaurant at the Tuen Mun Town Plaza

TDC – Dab-Pa Cuisine Restaurant at the Elements in Tsim Sha Tsui

TLA – La'taste Restaurant at the Far East Finance Centre in Admiralty

TLC – La'taste Restaurant in Stanley Street in Central

TLK – La'taste Restaurant at the Kornhill Plaza in Kornhill

TLM & TNM – La'taste Restaurant and Nabe Urawa Restaurant at the Grand Plaza in Mongkok

TNT – Nabe Urawa Restaurant at The One in Tsim Sha Tsui

TUS – Urawa Restaurant in Sheung Wan

Renovation of TFC

With TFC closed for business on 31 August 2018 and has since reopened as Madam Saigon, therefore the renovation costs originally allocated to TFC during the six months period ending on 30 September 2019 has been reallocated to other projects.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2019, the Group recorded revenue of approximately HK$307,712,000, representing an increase of 43.0% when compared to the previous year.

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

	Year Ended				Changes
	31.03.2019		31.03.2018		
	HK$'000 (audited)	% of Revenue	HK$'000 (audited)	% of Revenue	
Vietnamese	**66,551**	**21.6%**	70,075	32.6%	**–5.0%**
Japanese	**125,966**	**40.9%**	93,847	43.6%	**34.2%**
Chinese	**64,264**	**20.9%**	37,375	17.4%	**71.9%**
Western	**37,547**	**12.2%**	12,721	5.9%	**195.2%**
Dessert	**8,556**	**2.8%**	–	0.0%	**100.0%**
Kiosks	**4,828**	**1.6%**	1,157	0.5%	**317.3%**
Total revenue	**307,712**	**100.0%**	215,175	100.0%	**43.0%**

The increase in revenue is attributable to the full year of operations of: (i) Uptown Nabe Urawa in April 2018; (ii) Nabe Urawa restaurant in Hysan Place, Causeway Bay in September 2017; (iii) Say Cheese restaurant in Park Central, TKO in November 2017; and (iv) two Say Cheese Kiosks in Olympian City, West Kowloon and in Metroplaza, Kwai Fong in December 2017, and the opening of (i) Metroplaza Dab-Pa in July 2018; (ii) Wanchai Rakuraku in November 2018; (iii) the acquisition of Sweetology in Metroplaza, Kwai Fong in April 2018; and (iv) the acquisition of the Parkview Restaurants in November 2018. However, the increase was partially off-set by decrease in revenue due to the closure of TFC on 31 August 2018.

Major Cost Components

	Year ended				Changes
	31.03.2019		31.03.2018		
	HK$'000 (unaudited)	% of Revenue	HK$'000 (unaudited)	% of Revenue	
Raw materials and consumables used	**85,333**	**27.7%**	59,455	27.6%	**43.5%**
Staff costs	**93,757**	**30.5%**	68,361	31.8%	**37.1%**
Depreciation	**8,822**	**2.9%**	6,245	2.9%	**41.3%**
Property rentals and related expenses	**58,544**	**19.0%**	37,935	17.6%	**54.3%**
Utilities and cleaning expenses	**10,395**	**3.4%**	7,810	3.6%	**33.1%**
Other expenses	**17,435**	**5.7%**	11,352	5.3%	**53.6%**

Raw materials and consumables used, staff costs, depreciation, property rentals and related expenses and utilities and cleaning expenses have recorded increases of 43.5%, 37.1%, 41.3%, 54.3% and 33.1%, respectively when compared to the previous year. The reasons for such increases are the same as for revenue increase discussed above. As a percentage of revenue, raw materials and consumables, depreciation and utilities and cleaning expenses are stable during the two years.

As a percentage of revenue, staff costs continued to improve with a decrease of 1.3% point when compared to the previous year. The reason for the decrease is primarily due to the number of staffs required for our Nabe Urawa restaurants and Say Cheese outlets are less compared to our other restaurant operations. With the increasing difficulty in hiring operational staff, the shift in operations that require fewer staff is essential in controlling staff costs as well as relieving pressure on our operational staff.

Property rentals and related expenses increased from 17.6% to 19.0% as a percentage of revenue primarily due to; (i) rental increases for some of our existing shops; and (ii) the amortization of deferred rent to the income statement without having any corresponding revenue during the rent-free periods prior to the commencement of operations of our new restaurants. The biggest impact was the rental charges of our Metroplaza Dab-Pa with deferred rent, management fees and rates of approximately HK$838,000 charged to the income statement without having a corresponding revenue to cover such costs prior to its opening.

Other expenses

	Year Ended 31 March				Changes
	2019 HK$'000	**% of total**	2018 HK$'000	% of total	
Advertising	**254**	**1.5%**	157	1.4%	61.8%
Auditor's remuneration	**1,680**	**9.6%**	1,380	12.2%	21.7%
Air-conditioning fee	**558**	**3.2%**	496	4.4%	12.5%
Credit card charges	**4,038**	**23.2%**	2,466	21.7%	63.7%
Delivery charges	**1,709**	**9.8%**	1,354	11.9%	26.2%
Entertainment	**593**	**3.4%**	472	4.2%	25.6%
Insurance	**1,044**	**6.0%**	715	6.3%	46.0%
Legal and professional fees	**2,052**	**11.8%**	1,259	11.1%	63.0%
Licence fee	**179**	**1.0%**	69	0.6%	159.4%
Motor vehicle expenses	**178**	**1.0%**	139	1.2%	28.1%
Printing and stationery	**479**	**2.7%**	338	3.0%	41.7%
Repairs and maintenance	**2,102**	**12.1%**	1,391	12.3%	51.1%
Amortisation of intangible asset	**96**	**0.6%**	–	0.0%	100.0%
Shop reinstatement costs	**389**	**2.2%**	175	1.5%	122.3%
Telephone and fax	**187**	**1.1%**	127	1.1%	47.2%
Transportation	**327**	**1.9%**	64	0.6%	410.9%
Traveling	**192**	**1.1%**	46	0.4%	317.4%
Others	**1,378**	**7.8%**	704	6.1%	95.6%
	17,435	**100.0%**	11,352	100.0%	53.6%

Other expenses include items such as advertising expenses, credit card charges, delivery charges, entertainment expenses, insurance, printing and stationery and repairs and maintenance. Other expenses amounted to approximately HK$17,435,000, representing an increase of approximately 53.6% when compared to the previous year. As a percentage of revenue, other expenses accounted for 5.7% of revenue for the year ended 31 March 2019, a sizable increase compared to the 5.3% recorded during the previous year. The increase was primarily due to additional provision made for audit fees and a general increase in expenses such as credit card charges, repairs and maintenance, medical expenses and printing and stationery expenses as more restaurants were in operations during the period.

Share of Results of a Jointly Controlled Company and an Associate

Long Sea became a jointly controlled company on 1 September 2018 which operates The Pho and Madam Saigon. Madam Saigon underwent renovation and did not open until October 2018. UML is an associated company of the Group which operates Xiang Hui. Share of results of Long Sea and UML amounted to a losses of approximately HK$1,395,000 and approximately HK$47,000 respectively, during the year.

CEO REPORT

Net Profit and Profit Attributable to Owners of the Company

For the year ended 31 March 2019, net profit amounted to approximately HK$27,252,000, an increase of approximately HK$24,481,000 from approximately HK$2,771,000 recorded during the previous year. However, adjusted for the impact of listing expenses incurred during the year ended 31 March 2018 of approximately HK$16,847,000, the adjusted net profit amounted to approximately HK$19,618,000 for the year ended 31 March 2018. Compared with the adjusted net profit, net profit for the year ended 31 March 2019 increased by approximately HK$7,634,000 or 38.9%.

Profit attributable to owners of the Company is the same as the net profit amount as there is no non-controlling interests in our subsidiaries during the year ended 31 March 2019, which represents an increase of approximately HK$26,044,000 when compared to the previous year. However, profit attributable to owners of the Company adjusted for the impact of the listing expenses was approximately HK$18,055,000 for the year ended 31 March 2018, therefore representing an increase of approximately 50.9% during the year ended 31 March 2019.

Financial Resources and Position

As at 31 March 2019, total borrowings amounted to approximately HK$3.3 million, representing a decrease of HK$1.2 million or 26.7% compared to the previous year. Our bank borrowing carry variable-rate at Hong Kong Dollar Best Lending Rate less 2.2% per annum. The bank borrowing is secured by the corporate guarantee of the Company.

As at 31 March 2019, obligations under finance leases amounted to approximately HK$0.2 million which is secured by a motor vehicle of the Company with a net book value of approximately HK$0.5 million.

Cash and cash equivalents amounted to HK$55.3 million as at 31 March 2019 which are mostly denominated in Hong Kong Dollars. 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 2019, the Group had a current ratio of 2.6 times and net cash position (net debt divided by equity attributable to owners of the Company plus net debt).

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including market risk, credit risk and liquidity risk. The risk management policies and practices of the Group are stated in notes 32 and 33 to the consolidated financial statements in this annual report.

Staff Training and Development

As at 31 March 2019, the Group had a total of 420 employees, all of whom are situated in Hong Kong. In addition to offering competitive remuneration packages to employee, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The remuneration committee of the Company (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 2019, the Group did not have any significant contingent liabilities (2018: Nil).

Capital Commitments

As at 31 March 2019, the Group's outstanding capital commitments was approximately HK$1,772,000 (2018: HK$549,000).

Final Dividend

The Board recommended the payment of a final cash dividend out of the retained profits under reserves of the Company of HK$0.015 per Share (2017: HK$0.022) to Shareholders whose names are on the register of members of the Company on 17 July 2019, which is subject to the approval by the Shareholders at the annual general meeting of the Company on 8 July 2019 or any adjournment thereof (the "**2019 AGM**") and compliance with the Companies Law of the Cayman Islands. The Company paid an interim dividend of HK$0.015 per Share (the "**Interim Dividend**") for the six months ended 30 September 2018.

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 5 August 2019.

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. The profit attributable to Shareholders amounted to approximately HK$27,252,000 and based on the estimated dividend amount of HK$5,695,980 plus the Interim Dividend of HK$5,902,920 totalling HK$11,598,900, the Dividend Pay-out Ratio is 42.6% for the year ended 31 March 2019.

FUTURE PROSPECTS

The food and beverage sector in Hong Kong, although competitive, has ample opportunities for the better operators. We now operate 26 outlets compared to 15 outlets as at 31 March 2018, representing a 73.3% increase. In addition, we have committed three new leases thus far and we will continue to discuss with shopping mall landlords for new potential locations.

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.

Chan Wai Chun

Chief Executive Officer and Executive Director

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. WONG Ngai Shan *(Chairman)*

Mr. Wong, aged 44, is one of the co-founders of our Group. He is responsible for our Group's overall corporate strategies, management, business development, project planning and implementation. He has assumed a leading role in our management and is responsible for formulating business direction of our Group. Mr. Wong is a member of the remuneration committee of the Company.

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

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

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

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

Ms. Chan, aged 42, is one of the co-founders of our Group. She is responsible for the overall day to day operation and management of our business, overseeing menu design, accounting, internal control, human resources, and staff training.

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

Ms. Chan has over 11 years of experience in the food and beverage industry. She worked as a teacher in Hong Kong for seven years before joining our Group.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. CHAN Yuen Ting

Ms. Chan, aged 45, was appointed as an independent non-executive Director of our Company on 20 December 2017. She is the chairman of the nomination committee and compliance committees and a member of the audit committee and remuneration committee of the Company.

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

Ms. Chan has over 12 years of legal and compliance experience. She has worked for Philip KH Wong, Kennedy YH Wong & Co. Solicitors & Notaries. She has served as a legal counsel of NWS Transport Services Limited for over 4 years.

Mr. TSANG Siu Chun

Mr. Tsang, aged 63, was appointed as an independent non-executive Director of our Company on 20 December 2017. He is the chairman of the remuneration committee and a member of the audit committee, nomination committee and compliance committee of the Company.

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

Mr. Tsang serves as the managing director of An Seng Enterprises Limited which is principally engaged in the manufacturing and sales of furniture and home decoration products and the managing director of Chan Seng Yee Estates Ltd which is principally engaged in estates agency investment. He was the chairman of Po Leung Kuk from 1992 to 1993. Mr. Tsang was appointed as a Non-official Justice of Peace since June 1993. He was the vice president of An Kwei Clans Association (H.K.) Ltd from November 2011 to February 2017, and is currently the president. Mr. Tsang is also the president of The 14th Hong Kong Federation of Quanzhou Association and the vice chairman of the Hong Kong Federation of Fujian Associations Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. WANG Chin Mong

Mr. Wang, aged 47, was appointed as an independent non-executive Director of our Company on 20 December 2017. He is the chairman of the audit committee and a member of the remuneration committee, nomination committee and compliance committee of the Company.

Mr. Wang became an associate of the Hong Kong Society of Accountants in October 1999 and a fellow member of The Association of Chartered Certified Accountants in July 2004. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Wang has more than 21 years of experience in the fields of auditing, accounting and finance.

Mr. Wang served as an independent non-executive director of Heng Xin China Holdings Limited (formally known as Tiger Tech Holdings Limited, 8046.HK) and Chinese Strategic Holdings Limited (formally known as China Railway Logistics Limited, 8089.HK).

SENIOR MANAGEMENT

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

Mr. Yu, aged 52, is the Chief Financial Officer and Company Secretary of our Company who joined our Group in April 2017. He is mainly responsible for human resources, administration, secretarial and financial matters of our Group. Mr. Yu holds a Bachelor's degree in Business and a Master's degree in Business Administration. Mr. Yu was admitted as a fellow member of CPA Australia (FCPA (Aust.)) and a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA). Mr. Yu has over 26 years of experience in accounting, finance, management and company secretarial field. Prior to joining the Company, Mr. Yu has worked as the chief financial officer and company secretary of China MeiDong Auto Holdings Limited (1268.HK), Sound Global Limited (967.HK and E6E.SI), Wai Chun Mining Industry Group Company Limited (660.HK), Wai Chun Group Limited (1013.HK) and Towngas China Company Limited (1083.HK). Mr. Yu also worked as the company secretary of Sinolink Worldwide Holdings Limited (1168.HK). Mr. Yu was with Towngas China for almost nine years and was with an international accounting firm for over seven years prior to joining Towngas China.

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

Ms. Lee, aged 38, is an associated director of our Company who joined our Group in September 2013. She is primarily responsible for the general administration of the Group. Ms. Lee obtained an Associate in Arts Degree from the Northeast Iowa Community College and holds a Bachelor's degree in Business. She has completed a course in Intermediate French in June 2009. Prior to joining our Group, Ms. Lee worked for The Repulse Bay Company Limited (a subsidiary of The Hongkong and Shanghai Hotels Limited) as club receptionist, customer services supervisor at ET Business College Limited (a member of Hong Kong Economic Times Holdings Limited), and worked for PricewaterhouseCoopers as an administrator.

Mr. CHAN Ka Shing *(Assistant General Manager – Projects)*

Mr. Chan, aged 31, is our assistant general manager responsible for the new projects of our Group. Mr. Chan joined our Company in September 2014, responsible for the opening of our new stores, including the decoration, floor plan and design of our different brands of restaurants. Mr. Chan completed a bartending course in December 2010. He obtained the Merit Awards in the Asian Cocktail Championship, De Kuyper Cocktail Championship and Creative Classic and Bartending Flair. Mr. Chan was awarded the Certificate in Food Hygiene for Hygiene Supervisor and obtained the Level 2 Award in Food Safety in Catering. Mr. Chan worked for IPC Foodlab as an assistant restaurant manager, as a management trainee in the food and beverage department of Page One The Designer's Bookshop (HK) Ltd. He also worked as a bar supervisor for the Nabe One Limited.

Ms. CHAK Hoi Shan *(Assistant General Manager – Human Resources Administration)*

Ms. Chak, aged 33, is our assistant general manager who joined our Group in March 2018. Ms. Chak is responsible for human resources and administration of our group. Ms. Chak was certificated by the Hong Kong Institute of Accredited Accounting Technicians in 2011. Ms. Chak has worked for an International Japanese Food and Beverage Group responsible for operations, human resource, internal control and finance. She has assisted to set up, operate and manage restaurants located in Hong Kong International Airport and prime areas covering Hong Kong Island, Kowloon and New Territories. Ms. Chak has worked for a Japanese business support company and provided human resource, operation, finance and other back office support service and advice to her clients including Japanese catering related company e.g. Yakiniku restaurants, Izakaya restaurants and Wagyu beef retails etc.

Mr. WONG Chun Kuen *(Marketing Manager)*

Mr. Wong, aged 40, is our marketing manager who joined our Group in June 2015. Mr. Wong overseeing the marketing functions and manage customer feedbacks for our Group. Mr. Wong holds a Bachelor's degree in Public Administration and Management with honours. Mr. Wong was certificated by Travel Industry Council of Hong Kong in 2003. Mr. Wong worked as a manager for Xiamen Gangpin Imp & Exp Co. Ltd., overseeing the development of new markets including the sourcing, import and sales of wine in the Fujian and Guangdong provinces of the PRC and worked as a merchandiser for A.Y.N. Accessories Trading Limited and Joy Life Ltd. Mr. Wong is a nephew of Mr. Wong Ngai Shan, our Controlling Shareholder and Executive Director, and is therefore an associate of a connected person of our Company.

REPORT OF THE DIRECTORS

The Board has pleasure in presenting the Report of the Directors and the audited consolidated financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the operation of full-service restaurants and kiosks in Hong Kong. Particulars of the subsidiaries are set out in note 37 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 March 2019 and a discussion on the Group's future business development are provided in the sections "Chairman's Statement" and "CEO Report" of this annual report. A discussion on the Group's environmental policies and performance, an account of the Group's key relationships with its stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group can be found in the "Corporate Governance Report" on pages 39 to 52 and the "Environmental, Social and Governance Report" on pages 53 to 60 of this annual report.

Description of possible risks and uncertainties that the Group may be facing can be found in Notes 5 and 32 to the consolidated financial statements.

Also, the financial risk management objectives and policies of the Group can be found in Note 33 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the "Financial Summary" on page 4 of this annual report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2019 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on page 66 to page 71 of this annual report.

The Directors have recommended the payment of a final cash dividend out of retained profits under reserves of the Company of HK$0.015 per share (the "**Final Dividend**"). The Company paid a final dividend of HK$0.022 per Share for the year ended 31 March 2018 and paid an interim dividend of HK$0.015 per Share for the six months ended 30 September 2018.

The Final Dividend will be paid to shareholders whose names are on the register of members of the Company on 17 July 2019. Subject to approval by shareholders at the annual general meeting of the Company (the "**2019 AGM**") to be held on 8 July 2019 and compliance with the Companies Law of the Cayman Islands, the final dividend will be paid on or about 8 August 2019 and the register of members of the Company will be closed from 12 July 2019 to 17 July 2019, both days inclusive, during which period no transfer of shares will be registered.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2019 are set out in the consolidated statement of changes in equity set out on page 69 of this annual report.

The Company's reserves available for distribution to shareholders as at 31 March 2019 amounted to HK$34,061,000 (2018: HK$26,819,000), subject to the applicable statutory requirements under the laws of the Cayman Islands.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for each of the four financial years ended 31 March 2019 is set out on page 4 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2019 are set out in note 15 to the consolidated financial statements.

TAX RELIEF

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

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

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year ended 31 March 2019 are set out in note 30 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 March 2019 and up to the date of this annual report were as follows:

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

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

REPORT OF THE DIRECTORS

The biographical details of the Directors and senior management of the Company are set out on page 24 to 27 of this annual report.

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

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

Directors' Service Contracts

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

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

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

During the year, Mr. Wong Ngai Shan and Ms. Chan Wai Chan waived HK$200,000 and HK$150,000 of their emoluments, respectively.

Directors' Remuneration

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

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

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

Interests in Contracts

Other than as disclosed in note 36 to the consolidated financial statements, there is no contract of significance to which the Company, its holding company, or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Competing Business

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

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

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long Positions in Shares

Name of Director	Capacity	Number of Shares Held	Approximate percentage of shareholding
Mr. Wong Ngai Shan ("**Mr. Wong**")	Interest in controlled corporation and interest of spouse	260,302,000	68.549%
Ms. Chan Wai Chun ("**Ms. Chan**")	Interest in controlled corporation and interest of spouse	260,302,000	68.549%

Notes:

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

2. Elite China Enterprise Limited ("**Elite China**") is owned by Mr. Wong as to 50% and Ms. Chan as to 50%. As such Mr. Wong and Ms. Chan are deemed to be interested in 9,984,000 Shares held by Elite China as at 31 March 2019 by virtue of the SFO.

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

Save as disclosed above, as at 31 March 2019, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2019, the interests and short positions of substantial shareholders and other persons (other than a Director or chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long Position in Shares

Name of Shareholder	Capacity	Number of Shares Held	Approximate percentage of shareholding
Mr. Wong	Interest in controlled corporation and interest of spouse	260,302,000	68.549%
Ms. Chan	Interest in controlled corporation and interest of spouse	260,302,000	68.549%
IKEAB Limited	Beneficial owner	250,318,000	65.920%
Mr. Chua Sai Men	Beneficial owner	24,220,000	6.378%
Mr. Ng Chun Yum	Beneficial owner	19,590,000	5.159%

Notes:

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

2. Elite China Enterprise Limited ("**Elite China**") is owned by Mr. Wong as to 50% and Ms. Chan as to 50%. As such Mr. Wong and Ms. Chan are deemed to be interested in 9,984,000 Shares held by Elite China as at 31 March 2019 by virtue of the SFO.

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

Save as disclosed above, as at 31 March 2019, the Directors are not aware of any interests and short positions owned by any parties (other than a Director) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.

Short Positions in Shares and Underlying Shares in the Company

As at 31 March 2019, the Company had not been notified of any short positions being held by any substantial Shareholder in the Shares or underlying Shares of the Company.

SHARE OPTION SCHEME

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

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

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

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

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

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

Each grant of share options to a Director, chief executive or substantial Shareholder of our Company or any of their respective associates under the SOS shall be approved by independent non-executive Directors of our Company (excluding the independent non-executive Director of our Company who is the proposed grantee of the share options). Where any grant of share options to a substantial Shareholder or an independent non-executive Director of our Company or any of their respective associates would result in the securities issued and to be issued upon exercise of all share options already granted and which may be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such further grant of share options must be approved by our Shareholders.

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

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

As at 31 March 2019, the Company had 2,810,000 share options outstanding under the SOS, representing approximately 0.7% of the issued share capital of the Company. Details of the share options outstanding as at the date of this report are as follows:

Option Type	Date of Grant	Exercisable Period	Exercise Price (HK$)
2018 Options	29 June 2018	29 June 2019 to 28 June 2028	0.92
	29 June 2018	29 June 2020 to 28 June 2028	0.92
	29 June 2018	29 June 2021 to 28 June 2028	0.92

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

Eligible Person	Options Type	Date of Grant	Exercisable Period	Exercise Price (HK$)	Number of Shares subject to the outstanding options as at 01.04.2018	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Number of Shares subject to the outstanding options as at 31.03.2019	Weighted average closing price of Shares immediately before the date on which the options were exercised
Category 1: Employees	2018 Options	29 June 2018	29 June 2019 to 28 June 2028	0.92	-	843,000	-	-	843,000	-
			29 June 2020 to 28 June 2028	0.92	-	843,000	-	-	843,000	-
			29 June 2021 to 28 June 2028	0.92	-	1,124,000	-	-	1,124,000	-
Total						2,810,000	-	-	2,810,000	

A total of 2,810,000 share options were granted on 29 June 2018 ("**Options Granted**").

Notes:

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

The fair value of Options Granted amounted to approximately HK$527,000 (the "**Options Fair Value**") or HK$0.19 per share option, which will be amortised over the vesting period of the Options Granted. The value of the Options Granted was calculated using the Binomial Model based on the following assumptions:

Valuation date	29 June 2018
Exercise price	HK$0.92
Share price at effective grant date	HK$0.74
Expected volatility	32.85%
Risk-free interest rate	2.17%
Contractual life of Options Granted	10 years
Expected dividend yield	2.97%

Notes:

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

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

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

During the year ended 31 March 2019, approximately HK$232,000 of the Options Fair Value was amortised in the accounts of the Company.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTION

During the year ended 31 March 2019, the Group had no transaction which need to be disclosed as connected transaction in accordance with the requirements of the GEM Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in normal course of business set out in note 36 to the consolidated financial statements.

NON-COMPETITION UNDERTAKINGS

Each of the controlling Shareholders has provided to the Company a written confirmation in respect of his/its compliance with the non-compete undertakings dated 20 November 2017 (the "**Non-Complete Undertakings**") for the year ended 31 March 2019. The independent non-executive Directors have also reviewed the status of compliance by each of the controlling Shareholders with the undertakings in the Non-Compete Undertakings and have confirmed that, as far as he/it can ascertain, there is no breach of any of the undertakings in the Non-Compete Undertakings.

BORROWINGS

Particulars of borrowings of the Group as at 31 March 2019 are set out in note 24 to the consolidated financial statements.

DONATIONS

During the year ended 31 March 2019, the Group made charitable and other donations amounting to HK$161,000.

PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

We target the general public and have a large and diverse customer base in Hong Kong. Owing to the nature of our business, we do not rely on any single customer. During the year, the percentage of revenue attributable to the Group's five largest customers was less than 30%. The five largest suppliers of the Group in aggregate accounted for about 30.8% of its operating costs for the year. Purchases from the largest supplier accounted for about 8.1% of its operating costs for the year. None of the Directors, their associates, or any shareholder (who to the knowledge of the Directors owned more than 5% of the Company's Share capital) had any interest in the Group's five largest suppliers.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

From 19 June 2018 to 6 July 2018, we purchased from the market a total of 6,472,000 Shares which were subsequently cancelled on 2 August 2018 and from 18 March 2019 to 26 March 2019, we purchased from the market a total of 13,796,000 Shares, which were subsequently cancelled on 18 April 2019. We believe that the current trading price of the Shares does not reflect the intrinsic value and that the share repurchase reflects the Company's confidence in its long-term business prospects and would ultimately benefit the Company and create value for Shareholders.

Particulars of the Shares repurchased on the Stock Exchange during the year ended 31 March 2019 are as follow:

Date of Repurchase	Number of Shares repurchased by the Company	Price per Share		Consideration
		Highest	Lowest	
		HK$	HK$	HK$
19 June 2018	220,000	0.72	0.72	158,400
20 June 2018	172,000	0.73	0.72	124,040
21 June 2018	684,000	0.73	0.72	498,480
22 June 2018	1,888,000	0.74	0.72	1,364,000
26 June 2018	200,000	0.74	0.74	148,000
27 June 2018	252,000	0.74	0.74	186,480
28 June 2018	172,000	0.74	0.74	127,280
29 June 2018	236,000	0.74	0.74	174,640
3 July 2018	996,000	0.74	0.74	737,040
4 July 2018	1,020,000	0.74	0.74	754,800
6 July 2018	632,000	0.74	0.73	467,080
18 March 2019	2,144,000	0.71	0.70	1,520,800
19 March 2019	2,768,000	0.71	0.70	1,965,000
20 March 2019	2,104,000	0.71	0.71	1,493,840
21 March 2019	2,804,000	0.71	0.71	1,990,840
22 March 2019	2,408,000	0.72	0.71	1,729,840
25 March 2019	1,204,000	0.72	0.72	866,880
26 March 2019	364,000	0.72	0.72	262,080
TOTAL	20,268,000			14,569,520

Save as disclosed above, 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.

REPORT OF THE DIRECTORS

EMOLUMENT POLICY

As at 31 March 2019, the Group had a total of 420 employees, the of whom are situated in Hong Kong. In addition to offering competitive remuneration packages to employee, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

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

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

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the schemes is set out in note 38 to the consolidated financial statements and under the heading "Share Option Scheme" in this report.

CORPORATE GOVERNANCE

During the year ended 31 March 2019, the Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "**CG Code**").

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2019 have been audited by Deloitte Touche Tohmatsu, the Company's auditor. A resolution will be proposed at the AGM to re-appoint Deloitte Touche Tohmatsu as the auditor of the Company.

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

Chan Wai Chun
Executive Director and Chief Executive Officer

Hong Kong, 30 May 2019

CORPORATE GOVERNANCE REPORT

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

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

CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with the code provisions as set out in the CG Code during the year ended 31 March 2019.

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

BOARD OF DIRECTORS

Composition of the Board

As at the date of this annual report, the Board comprises five members as follows:

Executive Directors

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

Independent Non-executive Directors

Ms. Chan Yuen Ting
Mr. Tsang Siu Chun
Mr. Wang Chin Mong

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 24 to 26 of this annual report.

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

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

Except for the spousal relationship between Mr. Wong Ngai Shan and Ms. Chan Wai Chun as disclosed in the biographical details on page 24 of this annual report, there is no relationship (including financial, business, family or other material/relevant relationship) between any members of the Board and the Group.

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

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 17 January 2018, which continues thereafter until terminated by either party giving not less than three months' notice in writing to the other party.

Each of the independent non-executive Directors, namely, Ms. Chan Yuen Ting, Mr. Tsang Siu Chun and Mr. Wang Chin Mong has entered into a letter of appointment with the Company for an initial term of three years from 17 January 2018, which can be terminated by either party giving not less than three months' notice in writing to the other party.

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

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

Board Diversity Policy

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

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

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

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

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

Functions of the Board

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

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

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

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration, operation of the Company and so forth, are reviewed by the Board on a periodic basis. The management shall report back to the Board.

In addition, the Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

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

Corporate Governance Functions

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

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

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

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

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

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

During the year ended 31 March 2019, the Board approved the terms of reference of the Board (with respect to corporate governance duties), and the terms of reference of the Nomination Committee, the Audit Committee and the Remuneration Committee and the Shareholders communication policy of the Company (the "**Shareholders communication Policy**").

Directors' Training and Continuous Professional Development

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

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

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

Each of the Directors have attended training sessions arranged by the Company on the continuing obligations of listed companies and directors, disclosure obligations of listed companies and amendments to the GEM Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) in relation to "inside information".

In addition to the above-mentioned training sessions, some Directors and members of the senior management of the Company have also attended several presentations organized by the Company on the compliance of the GEM Listing Rules and conducts of listed companies.

Board Meetings

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

During the year ended 31 March 2019, six Board meetings were held. Details of individual attendance of each of the Directors are set out below:

	Attendance/ Number of Meetings Eligible to Attend
Executive Directors:	
Mr. Wong Ngai Shan *(Chairman)*	12/12
Ms. Chan Wai Chun *(Chief Executive Officer)*	12/12
Independent Non-Executive Directors:	
Ms. Chan Yuen Ting	6/6
Mr. Tsang Siu Chun	6/6
Mr. Wang Chin Mong	6/6

Board Process

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

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

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

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

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

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

Responsibilities of the Directors

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

- attending regular Board meetings focusing on business strategy, operational issues and financial performance;
- active participation on the boards of subsidiaries and associated companies;
- approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- consideration of misuse of corporate assets and abuse in related party transactions; and
- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

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

BOARD COMMITTEES

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

Remuneration Committee

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

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

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

During the year ended 31 March 2019, one Remuneration Committee meeting was held. Details of individual attendance of each of the Directors are set out below:

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

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

Audit Committee

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

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

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

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

During the year ended 31 March 2019, four Audit Committee meetings was held. Details of individual attendance of each of the Directors are set out below:

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

A meeting of the Audit Committee was held on 30 May 2019 to review the Group's consolidated financial statements for the year ended 31 March 2019, in conjunction with the Group's external auditor, Deloitte Touche Tohmatsu.

Nomination Committee

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

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

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

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

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

During the year ended 31 March 2019, one Nomination Committee meeting was held. Details of individual attendance of each of the Directors are set out below:

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

Nomination of Directors

On 30 May 2019, the Nomination Committee, having reviewed the Board's composition, nominated Ms. Chan Yuen Ting and Mr. Tsang Siu Chun to the Board for recommendation to the Shareholders for re-election at the 2019 AGM. The nominations were made in accordance with the Nomination Policy and the Board Diversity Policy. Ms. Chan Yuen Ting and Mr. Tsang Siu Chun, who are members of the Nomination Committee, abstained from voting when their respective nomination was being considered.

The biographical details of Ms. Chan Yuen Ting and Mr. Tsang Siu Chun are set out under "***Biographical Details of Directors and Senior Management***" on page 25 of this annual report.

Compliance Committee

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

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

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

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

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

During the year ended 31 March 2019, one Compliance Committee meeting was held. Details of individual attendance of each of the Directors are set out below:

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

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 2019.

EXTERNAL AUDITOR

The Auditor is Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu provided audit services in respect of the audit of Company's consolidated financial statements which were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the year ended 31 March 2019.

The remuneration charged by the Company's external auditor, Deloitte Touche Tohmatsu, during the year ended 31 March 2019 is set out below:

Description of Services Performed

	HK$
(1) Audit services	1,680,000
(2) Non-audit services *(Note)*	280,000
	1,960,000

Note: Non-audit services represents services provided on the interim review of the financial statements of the Company for the six months ended 30 September 2018.

The statement of the Auditor regarding their reporting responsibilities for the financial statements is set out in the Independent Auditor's Report on pages 61 to 65 of this annual report.

DIRECTORS' RESPONSIBILITIES IN PREPARING FINANCIAL STATEMENTS

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

GOING CONCERN

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

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

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

CORPORATE GOVERNANCE REPORT

In respect of the year ended 31 March 2019, the Board, through the Audit Committee and an external/internal auditor, reviewed the overall effectiveness of the Group's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget.

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

COMPANY SECRETARY

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

CONSTITUTIONAL DOCUMENTS

There were no changes to the memorandum of association of the Company and Articles of Association during the year ended 31 March 2019.

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

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

Details of individual attendance at general meeting of the Company of each of the Directors during the year ended 31 March 2019 are set out as follows:

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

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting by Shareholders and Putting Forward Proposals

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

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

Making Enquiries to the Board

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

CORPORATE GOVERNANCE REPORT

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, Dongxing Securities (Hong Kong) Company Limited has been appointed as the compliance adviser of the Company (the "**Compliance Adviser**"). As confirmed by the Compliance Adviser, save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 23 June 2017, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) 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.

DIVIDEND POLICY

As disclosed in the Prospectus, it is the Company's policy to pay an annual dividend at a ratio of no less than 30% of profit attributable to owners of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

At Taste • Gourmet, we believe the consideration of Environmental, Social and Governance (ESG) factors as one of the key driver of the way we conduct our business. We take an active approach to manage ESG-related risks and tackle environmental and social challenges, and we acknowledge the importance of effective governance at the management and the Board.

We are committed to uphold the highest ESG standards for the benefit of our stakeholders. While an acknowledgment of ESG risk factors is important, it is not enough. Appropriate oversight at the management and Board level, as well as effective policies and practices, are key contributors to our ability to effectively manage a wide variety of risk factors.

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 20 to the GEM Listing Rules and covers the Group's business in Hong Kong for the year ended 31 March 2019.

Based on the principles of objectivity, standardisation, transparency and comprehensiveness, this report serves to provide details of the Company's ESG policies and initiatives of our restaurant business in Hong Kong. We have identified the following ESG Segments in this report:

Environment	Workplace	Social
• Waste Management	• Employment & Labour Practices	• Supply Chain Management
• Energy Management	• Health and Safety	• Product Responsibility
• Water Management	• Training and Development	• Anti-Corruption

This is the second ESG Report issued by the Company.

STAKEHOLDER ENGAGEMENT

We engages our stakeholders, both formally and informally, on a number of major issues and initiatives in order to gain a better understanding of their views and expectations.

Shareholders

- Roadshows in Hong Kong, Singapore and Malaysia during the year
- Publication of research reports on the Company
- Regular issuance of announcements on a voluntary basis on business updates

Customers

- Continuous review of customer feedbacks through comments cards, direct discussion with the customers and through social media platforms
- Timely respond to customer complaints
- Collaboration with third parties to provide online table reservation services
- Introduction of alternative payment methods in addition to cash and credit cards
- Our Dab-Pa Cuisine restaurant at the Elements was awarded the "Quality Service Award" in 2016 and 2018 by the MTR Corporation, the highest award that covers all shopping malls managed by the MTR Corporation.

Government

- Engaged external professional (the "**External Consultant**") on the review of the legal compliance status
- Organised professional and compliance training

Employees

- Continuous training provided to our employees
- Adopted the SOS as an incentive to employees
- Subsidies to our employees for external continuous educational courses

ENVIRONMENT

Waste Management

Food waste and cooking oil waste are the major non-hazardous emissions in our restaurant operations. We also use recyclable materials in our takeaway containers.

Food Waste

The control of food waste is a very important factor for the Group. Food waste could be the result of poor storage management, poor inventory control, or poor quality control. Food waste not only affect profitability and customer satisfaction, it is an unnecessary waste. We have a stringent set of policies and procedures that helps to eliminated unnecessary food waste, however the attitudes of our employees towards the reduction of food waste as a part of our corporate culture is the key to success.

Each of our restaurant monitors the consumption amount of our food ingredients on a daily basis, which we believe is an effective way to reduce wastage and storage costs as the head chef of each restaurant should know the best utilisation of the various food ingredients and the consumption patterns of the customers at each restaurant. We generally minimise the amount of food ingredients stored at our restaurants based on our estimated sales and production volume of the following day.

Our Dab-Pa Cuisine restaurant at the Elements was awarded the "Food Waste Reduction Pledge Achievement Award" in 2014 and 2016 by the MTR Corporation.

During the year, no material non-compliance issue was noted in relation to food waste disposal.

Please refer to page 6 under heading "Environmental, Social and Governance Information" for food waste disposal data during the year.

Cooking Oil Waste

Cooking oil waste and grease trap waste are properly disposed of through waste oil collectors with the International Sustainability and Carbon Certification authorised by the Environmental Protection Department in Hong Kong.

Please refer to page 6 under "Environmental, Social and Governance Information" for cooking oil waste disposal data during the year.

During the year, no material non-compliance was noted in relation to cooking oil waste disposal.

Energy Management

Please refer to page 6 under "Environmental, Social and Governance Information" for use of resources data and related emission data during the year.

In our operation, electricity and gas is consumed in the form of lightings, cooking equipment, refrigerators, air conditioning, office equipment and motor vehicles.

We have a number of policies in place to limit the consumption of electricity to the minimum level, examples of some of our energy savings initiatives are as follows:

- Energy saving lightings in all our restaurants and at our office
- Turning off cooking equipment when not in use
- Closed off and turn off air-conditioning and lights in sections of our restaurant during non-peak hours
- Dishwashers to be turned on only with a full load

In shopping malls, there is a fixed period when air conditioning is supplied which we matched as far as possible the operating hours of our restaurants.

All are vehicles are electric vehicles.

Water Management

Although the amount of water consumed in our operation is not significant, we encourage our employees to use water efficiently such as only using the dishwasher with a full load.

WORKPLACE

Employment and Labour Practices

Our employees are the most important asset and resources of our Group. We are an equal opportunity employer and no discrimination is tolerated on the basis of age, gender, race, colour, sexual orientation, disability or marital status. We do not employ any person below the age of 16. In addition to offering competitive remuneration packages to employee, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

Quality service is an important success factor to our business and employee retention is a known challenge within the fierce restaurant business. Aside from offering competitive remuneration packages, our Group has also implemented an incentive bonus scheme for each restaurant to encourage self-initiatives to drive sales, employee retention and reduction in unnecessary headcount at every outlet. Our bonus scheme is performance based and would be calculated taking into account the achievement of performance target including financial indicators such as revenue and profit target, as well as other qualitative targets such as service quality and work attitude such as timeliness of the employee. Such bonus vary in accordance with the seniority and positions of different employees.

We also conduct annual performance reviews for our employees, which is used as a basis to determine salary adjustments which frequency would depend on a number of factors such as our financial performance and general market conditions and suitability for promotion, taking into account market conditions and business needs.

The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group. Normal working hours for our full time employees at our restaurants is 10 hours per day.

Our headcount planning is subject to regular review by our head office, taking into factors including but not limited to (i) market conditions; (ii) the size of the restaurant; (iii) proportion of labour costs to total overheads; and (iv) profit margin of the restaurant.

During the year ended 31 March 2019, no material non-compliance issue was noted in relation to employment regulations in Hong Kong.

Health and Safety

In conformity with industry norms, we are required to comply with various laws and regulations applicable to the restaurant industry in Hong Kong. In order to comply with safety related laws and regulations and occupational health and safety regulations issued by the government authorities in Hong Kong, we have designed and implemented internal safety measures and guidelines for our employees to follow. We also provide training to new recruits and existing employees to keep them up to date with work safety procedures and standards.

We have policies in place to ensure a high standard is kept at all times with regards to means of ventilation, sanitary fitments, facilities for cleaning equipment and utensils, means of exit and entry and fire safety.

We also maintain an internal record and reporting procedure in relation to work injuries in order for our Directors to monitor work injury incidences and make necessary amendments to the internal procedures to reduce the risk of further injuries. During the year ended 31 March 2019, no major work safety incidents occurred in our restaurants.

During the year ended 31 March 2019, no material non-compliance issue was noted in relation to health and safety regulations in Hong Kong.

Training and Development

We believe that training is needed to ensure that all employees possess the required knowledge on our standards and procedures as well as work and safety procedures. For our front-line new recruits, we provide on-the-job training to assist the new recruit to become familiarised with our operation processes. We provide our experienced staff with checklists to ensure all matters on food quality, internal procedures and safety standards are properly discussed with new recruits. To cater for the working hours of our staff, we also provide various training classes including dining service and preparation of a dish in video format so that the staff can access the training materials at the time and place at their convenience. We also encourage our employees to undertake external courses that are funded by the Group.

Our Directors and senior management are encouraged to undertake some form of continuing professional development courses or training. Subsidies are granted to our employees to undertake external continuous educational courses.

SOCIAL

Supply Chain Management

We generally select our suppliers based on a set of selection criteria, which includes (i) capacity, reputation and business operations of the supplier; (ii) type, variety and quality of food ingredients, goods or services offered by the supplier; (iii) pricing of the food ingredients, goods or services; (iv) supply terms and conditions, such as payment terms, delivery schedule and discount; (v) past performance; and (vi) our relationship with the suppliers.

New suppliers may be introduced by first passing our executive chef's sample testing, followed by an assessment by our Group executive chef and final approval by our Directors. If we identify a potential new supplier, our head chef will first screen the supplier whether their product quality can meet our standards and whether they satisfy our other requirements, such as the cost, origin of the supply of the food ingredients, possession of necessary licences and timely delivery of orders. We will only choose potential suppliers as our approved supplier if the price quoted by the supplier is lower than the purchase prices generally offered by our existing approved suppliers or, if higher, then need to be justifiable by other reasons such as exclusivity. If the potential supplier passes our initial screening, we will place a small trial order to test the quality of their food, and their reliability and timeliness in the delivery. If the potential supplier passes the testing phase, we will then negotiate a long-term supply relationship although we generally do not enter into any framework or long-term agreements, which we believe is the customary industry practice in Hong Kong. We will then consider the above factors and results to determine whether to approve the supplier as an approved supplier.

Our Group has maintained a list of approved food and beverage suppliers, comprising more than 50 suppliers as at 31 March 2019. In order to secure a stable supply of food ingredients and beverages, there are at least two approved suppliers for each type of food ingredient and beverage when possible. Our Group executive chef and business development manager will monitor the quality of our raw materials and consumables and may suggest to our management to consider removing certain suppliers if there is deterioration in the capacities, reliability or consistency of service and product quality of those suppliers. We may remove suppliers failing to meet our selection criteria or being susceptible of negative publicity from our supplier list.

Product Responsibility

Food Safety and Hygiene

Food safety and hygiene is the most important factor and central to our restaurant operation. Our food safety and quality control policies and procedures are closely integrated with our supplier selection process and food preparation process. Our restaurant managers and head chefs are responsible for the quality control at each of our restaurants. They are responsible for inspecting the food supplies and ingredients, overseeing the food preparation process and monitoring the dining environment and kitchen area. We clean and sanitise each of our restaurants in accordance with our policies and procedures. We ensure the implementation of our quality control policies through (i) training and supervision of our employees; and (ii) the evaluation of our procedures.

During the year ended 31 March 2019, no material complaints or claims on our food was received by us nor were our restaurants subject to any investigation on food hygiene by any government authorities or relevant consumer protection organisations due to any food safety incident.

Customer Service and Food Quality

We believe the key to our success is our returning customers, however a customer will only return if they are getting value for their money regardless of the amount of money spent. We address customer satisfaction through the provision of good customer service and consistent food quality.

Daily briefing sessions and evaluations are conducted by our restaurant manager of each restaurant to ensure the quality of our services, and to brief the staff about the new dishes launched to ensure they have a good understanding of the menu. Head chef and the restaurant manager of each restaurant also have a daily meeting to communicate any problems encountered so as to ensure a smooth operation of the restaurant. Our senior management hold a monthly meeting to discuss various issues, including the profitability, food and service quality, staffing arrangement, renovation and marketing strategy, to understand the current status as well as adjust our business strategy as appropriate.

We collect feedback from our customers through various channels: (i) our social media pages and emails; (ii) food-critic websites; (iii) visits by our marketing team, who will examine various aspects such as service quality and customers' feedback. Our restaurant managers discuss the customer feedbacks during daily briefing sessions and our marketing department compiles all the feedbacks and identify and evaluate the issues with the relevant personnel in order to improve our overall operations. Our restaurant managers will also discuss the customer feedbacks with our senior management in order to improve our overall operations.

During the year ended 31 March 2019, we did not receive any material complaints nor complaint filed by our customers to the Consumer Council. We were not aware of any incident of customer complaint claiming material compensation that could have a material adverse impact on our business, results of operations and financial position. Most of the customer complaints related to the food and service quality.

We have received various awards and recognitions over the years, for details of some of the awards received during the year ended 31 March 2019, please refer to page 8 of this annual report.

The marketing activities of our Group aim to promote pleasant dining experience at our restaurants with quality food and affordable prices available in a range of cuisines and dining setting from casual to full service dining. We promote our restaurants through various marketing activities, including the maintenance of our website, the display of our menu in digital panels at the shopping malls to the public at our restaurant, launching promotion campaigns with credit cards and shopping mall networks, offering discount to major corporates and residents in the vicinity. We also have a VIP card programme, use various forms of media, such as social media and magazines, third-party smartphone applications for online table reservation as well as promote our restaurants through the distribution of flyers/coupons which can broaden our reach to our potential customers.

Anti-Corruption

Corruption, deception, bribery, forgery, extortion, money-laundering and any other kinds of business fraud are strictly prohibited. Our employee's handbook set out internal control policies and procedures to govern the investigation and follow-up procedures of reported fraud incidents. We have internal control policies and procedure to mitigate fraudulent events which are reviewed and systematic fraud risk assessments are conducted periodically. Any abnormality should be reported to the Audit Committee for investigation. Whistle-blowing channel is also established for the reporting of violations of professional conducts.

During the year, no material non-compliance issue was noted or reported to the relevant authorities in relation to any corruption or fraudulent activities.

Community

We are committed to investing in the improvement of community well-being and social services. Employees are encouraged to participate in a wide range of charitable events.

For details of some of the events we participated during the year ended 31 March 2019, please refer to page 8 of this annual report.

During the year, the Group made donations of approximately HK$161,000.

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

OPINION

We have audited the consolidated financial statements of Taste • Gourmet Group Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 66 to 144, 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
We identified revenue recognition as a key audit matter due to its significance to the consolidated statement of profit or loss and other comprehensive income. The accounting policy for recognition of revenue generated from operation of restaurants is disclosed in Note 4 to the consolidated financial statements. As set out in the consolidated statement of profit or loss and other comprehensive income and Note 6 to the consolidated financial statements, during the year ended 31 March 2019, the revenue generated from operation of restaurants is approximately HK$307,712,000.	Our procedures in relation to revenue recognition included: • Obtaining an understanding of the Group's revenue recognition policy and key controls for validating revenue generated from operations of restaurants; • Evaluating the key controls for validating of revenue from operation of restaurants; • Verifying the revenue from operations of restaurant by tracing revenue recognised to daily sales report, receipts and settlement details, on a sample basis; and • Using data analytical tool to identify any unusual patterns of revenue generated from a selection of restaurants, and obtaining and assessing the reasonableness of management's explanation for the unusual patterns identified.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Au Chun Hing.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 May 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	6	**307,712**	215,175
Other income	7	**263**	613
Other gains or losses, net	8	**(450)**	(335)
Raw materials and consumables used		**(85,333)**	(59,455)
Staff costs		**(93,757)**	(68,361)
Depreciation	15	**(8,822)**	(6,245)
Property rentals and related expenses		**(58,544)**	(37,935)
Utilities and cleaning expenses		**(10,395)**	(7,810)
Other expenses		**(17,435)**	(11,352)
Share of loss of a joint venture		**(1,395)**	–
Share of loss of an associate		**(47)**	–
Listing expenses		**–**	(16,847)
Finance costs	9	**(123)**	(538)
Profit before tax	10	**31,674**	6,910
Income tax expense	11	**(4,422)**	(4,139)
Profit and total comprehensive income for the year		**27,252**	2,771
Profit and total comprehensive income for the year attributable to			
– Owners of the Company		**27,252**	1,208
– Non-controlling interests		**–**	1,563
		27,252	2,771
		HK cents	HK cents
Earnings per share	14		
– Basic		**6.9**	0.4
– Diluted	14	**6.9**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**32,109**	24,530
Interest in a joint venture	16a	**–**	–
Interest in an associate	16b	**–**	–
Goodwill	17	**3,051**	
Intangible assets	18	**1,524**	–
Financial asset at fair value through profit or loss	19	**1,569**	–
Rental and utilities deposits	20	**22,211**	13,385
Prepayments and other deposits	20	**1,972**	2,521
Loan to an associate	25	**844**	–
Amount due from a joint venture	25	**1,596**	–
Deferred tax assets	29	**474**	481
		65,350	40,917
CURRENT ASSETS			
Trade and other receivables	20	**10,960**	10,335
Amount due from a shareholder	25	**37**	29
Amount due from an associate	25	**321**	–
Income tax recoverable		**1,045**	155
Bank balances and cash	21	**55,271**	78,449
		67,634	88,968
CURRENT LIABILITIES			
Trade and other payables	22	**19,314**	15,520
Amount due to a shareholder	25	**498**	415
Bank borrowing	24	**3,292**	4,504
Obligations under finance leases			
– due within one year	23	**176**	381
Tax payable		**2,408**	3,007
		25,688	23,827
NET CURRENT ASSETS		**41,946**	65,141
TOTAL ASSETS LESS CURRENT LIABILITIES		**107,296**	106,058
NON-CURRENT LIABILITIES			
Obligations under finance leases			
– due over one year	23	**–**	176
Provision for reinstatement costs	27	**1,262**	873
Provision for long service payments	28	**274**	198
Deferred rent	22	**2,947**	–
Deferred tax liabilities	29	**726**	957
		5,209	2,204
NET ASSETS		**102,087**	103,854

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Note	**2019 HK$'000**	2018 HK$'000
CAPITAL AND RESERVES			
Share capital	30	**39,353**	40,000
Reserves		**62,734**	63,854
TOTAL EQUITY		**102,087**	103,854

The consolidated financial statements on pages 66 to 144 were approved and authorised for issue by the Board of Directors on 30 May 2019 and are signed on its behalf by:

WONG NGAI SHAN
Director

CHAN WAI CHUN
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note i)	Other reserve HK$'000 (Note ii)	Share options reserve HK$'000	Capital redemption reserve HK$'000	Treasury share reserve HK$'000 (Note iii)	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 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 (Note 30)	29,700	(29,700)	–	–	–	–	–	–	–	–	–
– upon share offer in the Listing (as defined in Note 1 and detailed in Note 30)	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
Adjustment (Note 3)	–	–	–	–	–	–	–	(48)	(48)	–	(48)
At 1 April 2018 (restated)	40,000	43,908	(300)	313	–	–	–	19,885	103,806	–	103,806
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	27,252	27,252	–	27,252
Shares repurchased and cancelled (Note 30)	(647)	(4,131)	–	–	–	647	–	(647)	(4,778)	–	(4,778)
Shares repurchased	–	–	–	–	–	–	(9,864)	–	(9,864)	–	(9,864)
Recognition of equity settled share-based payment (Note 38)	–	–	–	–	232	–	–	–	232	–	232
Dividends recognised as distribution (Note 13)	–	(14,561)	–	–	–	–	–	–	(14,561)	–	(14,561)
At 31 March 2019	39,353	25,216	(300)	313	232	647	(9,864)	46,490	102,087	–	102,087

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.

iii. The treasury share reserve represents the shares repurchased but not yet cancelled during the year ended 31 March 2019 and all treasury shares have been cancelled subsequently in April 2019 .

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES			
Profit before tax		**31,674**	6,910
Adjustments for:			
Depreciation of property, plant and equipment		**8,822**	6,245
Amortisation of intangible assets		**96**	–
Fair value gain on financial asset at fair value through profit or loss		**(48)**	–
Impairment loss on property, plant and equipment		**273**	–
Impairment loss on loan to an associate		**153**	–
Impairment loss on amount due from a joint venture		**289**	–
(Gain) loss on disposal of property, plant and equipment		**(217)**	335
Bank interest income		**(4)**	(9)
Interest income from life insurance policy		**–**	(64)
Finance costs		**123**	538
Share-based payment expenses		**232**	–
Share of loss of a joint venture		**1,395**	–
Share of loss of an associate		**47**	–
Operating cash flows before movements in working capital		**42,835**	13,955
Increase in trade and other receivables and prepayment and deposits		**(9,521)**	(9,142)
Increase in trade and other payables		**6,892**	5,081
Increase in provision for reinstatement costs		**389**	175
Increase in provision for long service payments		**76**	198
Increase in amount due to a shareholder		**83**	20
Cash generated from operations		**40,754**	10,287
Income tax paid		**(6,135)**	(3,536)
NET CASH FROM OPERATING ACTIVITIES		**34,619**	6,751
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(15,216)**	(10,814)
Purchase of intangible assets		**(1,526)**	–
Acquisition of a business	40	**(5,500)**	–
Acquisition of a joint venture		**(54)**	–
Capital injection in an associate		**(4)**	–
Loan advanced to an associate		**(1,040)**	–
Repayment from an associate		**17**	–
Advance to a joint venture		**(2,077)**	–
Proceeds from disposal of property, plant and equipment		**498**	2,640
Deposits paid for acquisition of property, plant and equipment		**(1,972)**	(825)
Deposits paid for acquisition of a business		**–**	(130)
Interest received		**4**	9
Advance to a shareholder		**(8)**	(29)
Net proceeds from disposal of held for trading investments		**–**	27
NET CASH USED IN INVESTING ACTIVITIES		**(26,878)**	(9,122)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
FINANCING ACTIVITIES		
Repayment to non-controlling shareholders of subsidiaries	**–**	(2,720)
Bank borrowings raised	**–**	13,000
Repayment of bank borrowings	**(1,212)**	(20,932)
Repayment to a director	**–**	(12,138)
Interest paid on bank borrowings	**(113)**	(513)
Interest paid on obligations under finance leases	**(10)**	(25)
Principal payments for obligations under finance leases	**(381)**	(539)
Issue of new shares upon share offer in the Listing (defined in Note 1)	**–**	92,000
Payment of transaction costs attributable to issue of new shares	**–**	(8,392)
Payment on repurchases of shares	**(14,642)**	–
Dividends paid	**(14,561)**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(30,919)**	59,741
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(23,178)**	57,370
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**78,449**	21,079
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**55,271**	78,449

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL

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

The Company is an investment holding company and the principal activities of its subsidiaries are operating restaurants in Hong Kong, with details set out in Note 37.

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

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

In the preparation of the Listing, the Company and its subsidiaries (collectively referred to as 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 the 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. Wong and Ms. Chan, (collectively as the "Controlling Shareholders"), respectively.

The Group resulting from the Group Reorganisation, which involves interspersing the Company and BWHK Limited, a direct wholly-owned subsidiary of the Company, incorporated in the BVI with limited liability 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 continued to be jointly controlled by the Controlling Shareholders before and after the Group Reorganisation and is therefore regarded as a continuing entity. The consolidated financial statements have been prepared in accordance with the principles of merger accounting under Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") as if the Company had always been the holding company throughout the year ended 31 March 2018. Accordingly, 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 ended 31 March 2018 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 year ended 31 March 2018, or since their respective dates of incorporation, where applicable.

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to Hong Kong Accounting Standard ("HKAS") 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

HKFRS 9 *Financial Instruments*

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 4.

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

HKFRS 9 *Financial Instruments* *(Continued)*

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Carrying amounts previously reported at 31 March 2018 HK$'000	Reclassification HK$'000	Remeasurement HK$'000	Carrying amounts under HKFRS 9 at 1 April 2018 HK$'000
Non-current assets				
Financial asset at fair value through profit or loss	–	1,569	(48)	1,521
Prepayments and other deposits	2,521	(1,566)	–	955
Current assets				
Trade and other receivables	10,335	(3)	–	10,332
Capital and reserves				
Reserves	(63,854)	–	48	(63,806)

Financial asset at FVTPL

At the date of initial application of HKFRS 9, the Group's payments for life insurance policies of HK$1,569,000 were reclassified from prepayments and other deposits and trade and other receivables to financial asset at fair value through profit or loss ("FVTPL") as these investments cannot meet the HKFRS 9 criteria as solely payments of principal and interest on the principal amount outstanding. The fair value losses of HK$48,000 of these insurance policies previously carried at amortised cost were adjusted to financial asset at FVTPL and retained profits as at 1 April 2018.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. To measure the ECL, trade receivables have been assessed individually.

Except for those which had been determined as credit-impaired under HKAS 39, ECL for other financial assets at amortised cost, including other receivables, rental and utilities deposits, other deposits, amounts due from a joint venture, an associate, and a shareholder, loan to an associate and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

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

HKFRS 9 *Financial Instruments* (Continued)

Impairment under ECL model (Continued)

As at 1 April 2019, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No additional allowance for impairment has been recognised against retained profits as the amount included is insignificant.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
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[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

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

2 Effective for annual periods beginning on or after a date to be determined

3 Effective for annual periods beginning on or after 1 January 2021

4 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

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

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sale and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modification.

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

HKFRS 16 *Leases* *(Continued)*

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, and upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$197,212,000 as disclosed in Note 34. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16. 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.

In addition, the Group currently considers refundable rental deposits paid of HK$20,790,000 as at 31 March 2019 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets: accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The directors of the Company expect that the application of new requirements would result in changes in measurement, presentation and disclosure as indicated above. The management of the Group expected that, such changes would increase the consolidated assets and consolidated liabilities of the Group, but would not have a material impact on the financial position and financial performance of the Group upon application of HKFRS 16. The Group would elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group would not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group would elect the modified retrospective approach for the application of HKFRS 16 as lessee and would recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at FVTPL that are measured at fair values at the end of the reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 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*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

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

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9/HKAS 39 or, when applicable, the cost on initial recognition of an investment in a joint venture.

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

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

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

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below); and

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Changes in the Group's ownership interest in existing subsidiaries *(Continued)*

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9/HKAS 39 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or business first came under common control of the controlling entity.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

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

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

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

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

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

Investments in an associate and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

The results and assets and liabilities of an associate and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate and a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate/joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

The Group assesses whether there is an objective evidence that the interest in an associate/a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

When the Group ceases significant influence over an associate or to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9/HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers (upon application of HKFRS 15)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

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

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

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

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

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

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

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from restaurant operations

The Group recognises revenue from restaurant operations which provides catering services. Revenue from catering services is recognised at a point in time upon provision of food and beverage to the customer.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition (prior to 1 April 2018)

Revenue is measured at the 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.

Revenue from the restaurant operations is recognised at the point of sales to customers.

Management fee income is recognised when services are provided.

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.

Leases

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as lessee *(Continued)*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals under operating leases are recognised as expenses in the periods in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Foreign currencies

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

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

Borrowing costs

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

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

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution retirement benefit plan, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and long-term employee benefits

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Share-based payments

Equity-settled share-based payment transactions

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

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

When share options are exercised, the amount previously recognised in share options reserve will be transferred to retained profits. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised it the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. When current tax or deferred tax arises from initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment, (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Construction in progress represents leasehold improvements in progress of certain restaurants, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds, where appropriate, during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Asset held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provision

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than those financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points received or paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with the transitions provision set out in Note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with the transitions provision set out in Note 3) (Continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “fair value gain on financial assets at FVTPL” line item.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (upon application of HKFRS 9 in accordance with the transition provisions set out in Note 3)

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

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

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

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (upon application of HKFRS 9 in accordance with the transition provisions set out in Note 3) (Continued)

(i) Significant increase in credit risk *(Continued)*

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

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

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (upon application of HKFRS 9 in accordance with the transition provisions set out in Note 3) (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade debtors, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with the transitions provisions set out in Note 3) (Continued)

(v) Measurement and recognition of ECL *(Continued)*

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, other deposits, rental and utilities deposits, amount due from a shareholder and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 30 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost
Financial liabilities including trade and other payables, amount due to a shareholder and bank borrowing are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled and have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

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

The Group's management determines the estimated useful lives and depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions and will take into account the lease term (including renewal option) of the Group's restaurants. Actual economic useful lives may differ from estimated economic useful lives. The management will also accelerate the depreciation charge where the economic useful lives are shorter than previously estimated due to removal or closure of restaurants.

In addition, the management 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 places. As at 31 March 2019, the carrying amount of property, plant and equipment is approximately HK$32,109,000 (2018: HK$24,530,000).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or changes in facts and circumstances which result in downward revision of future cash flows, a material impairment loss may arise. As at 31 March 2019, the carrying amount of goodwill is HK$3,051,000 (2018: nil). Details of the recoverable amount calculation are disclosed in Note 17.

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

Provisional fair value of assets on date of acquisition in respect of business combination

The acquisition of Parkview (as defined in Note 40) for the current year is accounted for as business combination. Since the initial accounting for the business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts adjusted during the measurement period (which cannot exceed one year from the acquisition date), and additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the sum of the acquisition-date fair value of the assets transferred to the Group, liabilities assumed by the Group, and the goodwill arising on acquisition recognised on the date of acquisition. As at 31 March 2019, the provisional fair value of the assets acquired on the date of acquisition of Parkview amounted to HK$2,449,000, and the goodwill arising on this acquisition determined based on provisional amounts was approximately HK$ HK$3,051,000.

Fair value measurement of financial instruments

Financial asset at FVTPL, amounting to HK$1,569,000 as at 31 March 2019, is measured at fair value determined based on unobserved input using valuation technique. Judgement and estimation are required in establishing the relevant valuation technique and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair value of these instruments. See Note 33b for further disclosure.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received and receivable from restaurant operations, net of discounts, during the years ended 31 March 2019 and 2018.

The principal activities of the Group are operating restaurants serving different kinds of cuisine in Hong Kong during the years ended 31 March 2019 and 2018. 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.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

	2019 HK$'000	2018 HK$'000
Revenue from external sales	**307,712**	215,175
Segment profit	**46,883**	31,334
Unallocated other income	**–**	64
Unallocated other gain or losses, net	**(498)**	(335)
Unallocated expenses	**(13,317)**	(24,153)
Fair value gain on financial asset at FVTPL	**48**	–
Share of loss of a joint venture	**(1,395)**	–
Share of loss of an associate	**(47)**	–
Profit before tax	**31,674**	6,910

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit earned by the reportable segment excluding interest income from life insurance policy, gain or loss on disposal of property, plant and equipment, impairment loss on property, plant and equipment, impairment losses an amount due from a joint venture and loan to an associate, share of losses of a joint venture and an associate and fair value gain on financial asset at FVTPL and without allocation of central administration costs and listing expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented. No geographical information is presented as the Group's operations and non-current assets are located in Hong Kong.

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

	2019 **HK$'000**	2018 HK$'000
Vietnamese	**66,551**	70,075
Japanese	**125,966**	93,847
Western	**37,547**	13,878
Chinese	**64,264**	37,375
Dessert	**8,556**	–
Kiosk	**4,828**	–
	307,712	215,175

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 2019 and 2018.

7. OTHER INCOME

	2019 **HK$'000**	2018 HK$'000
Bank interest income	**4**	9
Interest income from life insurance policy	**–**	64
Management fee income from a joint venture	**134**	–
Others	**125**	540
	263	613

8. OTHER GAINS AND LOSSES, NET

	2019 **HK$'000**	2018 HK$'000
Gain (loss) on disposal of property, plant and equipment	**217**	(335)
Fair value gain on financial asset at FVTPL	**48**	–
Impairment loss on property, plant and equipment	**(273)**	–
Impairment loss on amount due from a joint venture	**(289)**	–
Impairment loss on loan to an associate	**(153)**	–
	(450)	(335)

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interests on financial liabilities at amortised cost:		
– bank borrowings	**113**	513
– obligations under finance leases	**10**	25
	123	538

10. PROFIT BEFORE TAX

	2019 HK$'000	2018 HK$'000
Profit before tax has been arrived at after charging:		
Auditor's remuneration	**1,680**	1,380
Amortisation of intangible assets	**96**	–
Directors' remuneration (Note 12)	**4,536**	4,915
Other staff costs		
– salaries and other benefits	**76,739**	54,503
– performance-based bonus*	**8,737**	6,181
– retirement benefits scheme contribution excluding directors	**3,437**	2,564
– provision for long service payments	**76**	198
– share-based payment expenses	**232**	–
Total directors and other staff costs	**93,757**	68,361

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

11. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
The charge comprises Hong Kong Profits Tax		
– Current tax	**4,694**	3,859
– (Over)underprovision in prior year	**(48)**	77
Deferred tax (credit) charge (Note 29)	**(224)**	203
	4,422	4,139

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current financial year, Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. For the remaining subsidiaries of the Group in Hong Kong, they are subject to 16.5% of the estimated assessable profits under Hong Kong Profits Tax.

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

	2019 HK$'000	2018 HK$'000
Profit before tax	**31,674**	6,910
Tax at the Hong Kong Profits Tax rate of 16.5%	**5,226**	1,140
Tax effect of share of losses of an associate and a joint venture	**238**	–
Tax effect of expenses not deductible for tax purpose	**119**	3,131
Tax effect of income not taxable for tax purpose	**(8)**	(1)
Utilisation of temporary difference not recognised	**(30)**	(131)
Tax effect of tax losses not recognised	**–**	181
Tax effect of utilisation of tax losses previously not recognised	**(765)**	(53)
One-off tax reduction of Hong Kong Profits Tax by Inland Revenue Department	**(145)**	(205)
Income tax at concessionary rate	**(165)**	–
(Over)under-provision in prior year	**(48)**	77
Income tax expense for the year	**4,422**	4,139

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

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

(a) Directors' and Chief Executive's emoluments

The directors of the Company were appointed on 26 June 2017. Details of the emoluments paid or payable to the directors and the chief executive of the Company (including emoluments for their services as employees or directors of the group entities prior to becoming directors of the Company) during the years ended 31 March 2019 and 2018 are as follows:

	Executive directors		Independent non-executive directors			
	Mr. Wong HK$'000	Ms. Chan HK$'000	Mr. Tsang Siu Chun HK$'000	Mr. Wang Chin Mong HK$'000	Ms. Chan Yuen Ting HK$'000	Total HK$'000
Year ended 31 March 2019						
Directors						
Fees	–	–	100	100	100	300
Other emoluments						
– Salaries and other benefits	2,400	1,800	–	–	–	4,200
– Retirement benefit scheme contributions	18	18	–	–	–	36
	2,418	1,818	100	100	100	4,536

	Executive directors		Independent non-executive directors			
	Mr. Wong HK$'000	Ms. Chan HK$'000	Mr. Tsang Siu Chun HK$'000	Mr. Wang Chin Mong HK$'000	Ms. Chan Yuen Ting HK$'000	Total HK$'000
Year ended 31 March 2018						
Directors						
Fees	–	–	21	21	21	63
Other emoluments						
– Salaries and other benefits (including housing allowance)	3,134	1,682	–	–	–	4,816
– Retirement benefit scheme contributions	18	18	–	–	–	36
	3,152	1,700	21	21	21	4,915

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

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

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

(b) Five highest paid employees

The five highest paid employees of the Group during the year included two (2018: two) directors whose details of emoluments are set out in (a) above. The remunerations of the remaining three (2018: three) employees were as follows:

	2019 HK$'000	2018 HK$'000
Salaries and allowances	**2,090**	1,922
Performance-based bonus*	**1,077**	166
Retirement benefits scheme contribution	**54**	54
Share-based payment expenses	**56**	–
	3,277	2,142

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

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

	No. of employees 2019	2018
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	–
	3	3

No emolument was paid by the Group to the directors or any of the highest paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2019 and 2018. All of the executive directors of the Company have waived or agreed to waive one month's remuneration during the year ended 31 March 2019. No executive directors of the Company had waived or agreed to waive their remuneration during the year ended 31 March 2018.

During the year, certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 38.

13. DIVIDENDS

	2019 HK$'000	2018 HK$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2019 Interim – HK1.5 cents (2018: 2018 Interim – nil) per share	**5,903**	–
2018 Final – HK2.2 cents (2018: 2017 Final – nil) per share	**8,658**	–
	14,561	–

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2019 of HK1.5 cents (2018: HK2.2 cents) per ordinary share, in an aggregate amount of HK$5,696,000 (2018: HK$8,658,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

14. EARNINGS PER SHARE

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

	2019 HK$'000	2018 HK$'000
Earnings		
Profit for the year attributable to owners of the Company	**27,252**	1,208
	Number of shares	
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**394,648,603**	308,557,468

For the year ended 31 March 2019, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share has adjusted for the effect of the ordinary shares of the Company repurchased from the market in March 2019 and subsequently cancelled in April 2019.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares of the Company for the year ended 31 March 2019.

No diluted earnings per share is presented for the year ended 31 March 2018 as there were no potential ordinary shares in issue during that year.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 April 2017	3,094	31,953	5,001	1,683	–	41,731
Addition	–	5,751	3,900	–	1,438	11,089
Disposal	(3,094)	–	–	–	–	(3,094)
At 31 March 2018	–	37,704	8,901	1,683	1,438	49,726
Addition	–	6,449	5,760	–	3,681	15,890
Acquisition of business (Note 40)	–	1,554	998	–	–	2,552
Transfer	–	1,438	–	–	(1,438)	–
Disposal	–	(3,474)	(578)	(802)	–	(4,854)
At 31 March 2019	–	43,671	15,081	881	3,681	63,314
ACCUMULATED DEPRECIATION						
At 1 April 2017	99	15,452	3,236	283	–	19,070
Charge for the year	20	5,013	876	336	–	6,245
Disposal	(119)	–	–	–	–	(119)
At 31 March 2018	–	20,465	4,112	619	–	25,196
Charge for the year	–	6,418	2,121	283	–	8,822
Disposal	–	(2,382)	(183)	(521)	–	(3,086)
Impairment loss recognised in profit or loss	–	273	–	–	–	273
At 31 March 2019	–	24,774	6,050	381	–	31,205
CARRYING VALUES						
At 31 March 2019	–	18,897	9,031	500	3,681	32,109
At 31 March 2018	–	17,239	4,789	1,064	1,438	24,530

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

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

As at 31 March 2019, motor vehicles with net book values of HK$500,000 (2018: HK$1,064,000), are held under finance leases.

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

The management of the Group considers that an impairment indicator on a Kiosk exists as this Kiosk incurred operating loss for the year ended 31 March 2019. Accordingly, the Group carried out a review of the recoverable amount of the relevant Kiosk based on a value in use calculation and determine that impairment loss of HK$273,000 is recognised in respect of the leasehold improvements of the Kiosk during the year ended 31 March 2019.

16a. INTEREST IN A JOINT VENTURE

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

	2019 HK$'000	2018 HK$'000
Cost of investment in a joint venture	**1,203**	–
Deemed capital contribution	**192**	–
Share of post-acquisition loss and other comprehensive expense	**(1,395)**	–
	–	–

Deemed capital contribution represents initial recognition of the imputed interest of advance to a joint venture.

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

Name of joint ventures	Place of incorporation/ principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		As at 31 March		As at 31 March		
		2019	2018	**2019**	2018	
Long Sea Limited ("Long Sea") (Note)	Hong Kong	**50%**	N/A	**50%**	N/A	Restaurants operation

Note:

In August 2018, Long Sea was acquired by the Group from with an independent third party in which the Group holds 50% equity interest for a consideration of HK$1,203,000, which was settled by the contribution of the Group's property, plant and equipment with a carrying value of HK$1,149,000 and cash consideration of HK$54,000.

16a. INTEREST IN A JOINT VENTURE *(Continued)*

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

Summarised financial information of a material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amount shown in the joint venture's financial statements prepared in accordance with HKFRSs.

	31.03.2019 **HK$'000**
Current assets	**950**
Non-current assets	**4,150**
Current liabilities	**5,517**
Non-current liabilities	**417**
The above amounts of assets and liabilities include the following:	
Cash and cash equivalents	**324**
Current financial liabilities (excluding trade and other payables and provisions)	**4,059**
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**

	01.09.2018 to 31.03.2019 HK$'000 (note)
Revenue	8,438
Loss for the period	(3,222)
Total comprehensive expense for the period	(3,222)

Note: The joint venture was acquired by the Group on 31 August 2018.

16a. INTEREST IN A JOINT VENTURE *(Continued)*

The above loss for the period includes the following:

	01.09.2018 to 31.03.2019 HK$'000
Depreciation	362

Reconciliation of the above summarised financial information to the carrying amount of the interest in a joint venture recognised in the consolidated financial statements:

	31.03.2019 HK$'000
Net assets	–
Proportion of the Group's ownership interest	50%
Carrying amount to the Group's interest	–

	01.09.2018 to 31.03.2019 HK$'000
The unrecognised share of loss of a joint venture	(216)

	31.03.2019 HK$'000
Cumulative unrecognised share of loss of a joint venture	(216)

16b. INTEREST IN AN ASSOCIATE

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

	2019 HK$'000	2018 HK$'000
Cost of investment in an associate	4	–
Deemed capital contribution	43	–
Share of post-acquisition loss and other comprehensive expense	(47)	–
	–	–

Deemed capital contribution represents initial recognition of the imputed interest of loan advanced to an associate.

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

Name of associate	Place of incorporation/ principal place of business	Proportion of ownership interest held by the Group As at 31 March 2019	2018	Proportion of voting rights held by the Group As at 31 March 2019	2018	Principal activity
United Mind Limited ("UML")	Hong Kong	40%	N/A	40%	N/A	Restaurants operation

In January 2019, the Group established an associate with an independent third party. During the year ended 31 March 2019, the Group has injected HK$4,000 as investment capital.

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

Summarised financial information of the associate

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amount shown in the associate's financial statements prepared in accordance with HKFRSs.

	31.3.2019 HK$'000
Current assets	173
Non-current assets	1,151
Current liabilities	1,362
Non-current liabilities	106

16b. INTEREST IN AN ASSOCIATE *(Continued)*

Summarised financial information of the associate *(Continued)*

	24.1.2019 to 31.3.2019 HK$'000
Revenue	–
Loss for the period	(154)
Total comprehensive expense for the period	(154)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	31.3.2019 HK$'000
Net assets	–
Proportion of the Group's ownership interest	40%
Carrying amount to the Group's interest	–

	24.1.2019 to 31.3.2019 HK$'000
The Group's share of loss	(47)
The Group's share of other comprehensive income	–
The Group's share of total comprehensive expense	(47)

	24.1.2019 to 31.3.2019 HK$'000
The unrecognised share of loss of an associate	(15)

	31.3.2019 HK$'000
Cumulative unrecognised share of loss of an associate	(15)

17. GOODWILL

	HK$'000
COST	
At 1 April 2017 and 1 April 2018	–
Acquisition of a business (Note 40)	3,051
At 31 March 2019	3,051

Goodwill is arising from the acquisition of Parkview, defined in Note 40, which operates restaurants in Hong Kong and has been allocated to a group of cash-generating units (the "CGUs") representing restaurants servicing western cuisine. Particulars of impairment testing on goodwill are disclosed below.

The recoverable amount of the group of CGUs has been determined on a value in use calculation. The recoverable amount is based on certain key assumptions. The value in use calculation uses cash flow projections based on latest financial budgets approved by the Company's management covering a period of 5 years, and at a discount rate of 17.4%. Cash flows beyond remaining lease terms of respective restaurants are extrapolated, using a steady growth rate of 2%. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which include budgeted revenue and operating expenses, such estimation is based on the CGUs' past performance and management's expectations for the market development. The directors of the Company believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of the group of CGUs to exceed its recoverable amount.

The goodwill was tested for impairment at the end of the reporting period by comparing the carrying amount of the group of CGU with its recoverable amount. The directors of the Company determined that there is no impairment loss for the year ended 31 March 2019.

18. INTANGIBLE ASSETS

	License HK$'000 (Note a)	Trademark HK$'000 (Note b)	Total HK$'000
COST			
At 1 April 2017, 31 March 2018 and 1 April 2018	–	–	–
Addition	1,526	–	1,526
Acquisition of a business (Note 40)	–	94	94
At 31 March 2019	1,526	94	1,620
AMORTISATION AND IMPAIRMENT			
At 1 April 2017, 31 March 2018 and 1 April 2018	–	–	–
Charge for the year	96	–	96
At 31 March 2019	96	–	96
CARRYING VALUES			
At 31 March 2019	1,430	94	1,524
At 31 March 2018	–	–	–

Notes:

(a) In July 2018, the Group entered into a licensing agreement with an independent third party to license the rights to the exclusive and unlimited usage for all countries outside of Japan of a Japanese ramen brand "多賀野" or "Takano" (the "License") for 8 years with a consideration of JPY22,000,000 (equivalent to HK$1,526,000) with license period starting from October 2018. At the option of the Company, from 9th year onwards, the Company may continue to use the License unconditionally at an annual fee of JPY2,200,000 (equivalent to HK$155,000) per annum (the "Annual Fee") if there are outlets/shops/restaurants (together "Shops") being operated by the Company outside of Japan at any time during a specific year. The Annual Fee is assessed on an annual basis from 9th year onwards which is payable as long as there are Shops in operation at any time during each year.

(b) The trademark was acquired from an independent third party through acquisition of a business and has a legal life of 10 years but is renewable every 10 years at minimal cost. The directors of the Company are of the opinion that the Group would renew the trademarks continuously and has the ability to do so. The trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely, and will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

As at 31 March 2019, the directors of the Company determined that there is no impairment loss on the license and trademark.

19. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 HK$'000
Financial asset mandatorily measured at FVTPL:	
Life insurance plan (Note)	**1,569**
Analysed for reporting purposes as:	
Non-current assets	**1,569**

Note:

As at 31 March 2019, the Group has a US$ denominated life insurance policy with an insurance company to insure Mr. Wong, a director of the Company. Under this policy, the Group is the beneficiary and policy holder and the total insured sum is US$1,080,000 (equivalent to HK$8,370,000). The Group is required to pay a single premium of US$173,000 (equivalent to HK$1,340,000) at inception. The Group can, at any time, withdraw cash based on the account value of the policy ("Account Value") at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge deducted from the Account Value. This insurance company will pay the Group a guaranteed interest rate of 4.4% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 3% per annum) during the effective period of the policy.

At the date of initial application of HKFRS 9 on 1 April 2018, the Group reclassified the payments for life insurance policy previously carried at amortised cost (Note 20) to financial asset at FVTPL and remeasured at fair value. The directors of the Company consider that the carrying amount of the abovementioned life insurance policy which is measured at the Account Value of the policy approximates its fair value as at 31 March 2019.

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

20. TRADE AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**2,938**	1,739
Rental and utilities deposits	**23,093**	14,984
Payments for life insurance policy (Note)	**–**	1,569
Prepaid rent and rates and property management fee	**4,557**	2,790
Prepayments, other receivables and other deposits	**2,583**	4,334
Deposits for acquisitions of property, plant and equipment	**1,972**	825
	35,143	26,241
Less: items expected to be realised over one year shown under non-current assets:		
– Rental and utilities deposits	**(22,211)**	(13,385)
– Payments for life insurance policy	**–**	(1,566)
– Deposits for acquisitions of property, plant and equipment	**(1,972)**	(825)
– Deposit for acquisition of a business	**–**	(130)
	(24,183)	(15,906)
Shown under current assets	**10,960**	10,335

Note: At the date of initial application of HKFRS 9 on 1 April 2018, the Group reclassified the payments for life insurance policy previously carried at amortised cost to financial asset at FVTPL. Details are set out in Note 3, and 19.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

As at 31 March 2019 and 1 April 2018, trade receivables from contracts with customers amounted to HK$2,938,000 and HK$1,739,000, respectively.

The revenue from sales of food and beverages are generally 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 2019 and 2018, the Group's receivables include receivables from financial institutions in relation to the payments settled by credit cards by customers of which the settlement period is normally within 2 days from the trade date, and receivables from the food delivery agents of which the settlement period is within 30 days from the invoice date.

Before accepting any new food delivery agent, the Group assesses the potential agent's credit quality and defines its credit limits. Limits attributed to food delivery agents are reviewed regularly by the directors of the Company.

All trade receivables are aged within 30 days as at the end of each reporting date with no impairment loss being recognised. All trade receivables are not past due and settled subsequent to the end of each reporting period. None of the trade receivables are past due but not impaired as at 31 March 2019 and 2018.

Details of impairment assessment on trade and other receivables are set out in Note 33.

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

	2019 **HK$'000**	2018 HK$'000
US$	**–**	1,569

21. BANK BALANCES AND CASH

Bank balances and cash comprise cash held and short-term deposits within an original maturity of three months or less and carry interest at prevailing market rates ranging from nil to 0.02% per annum as at 31 March 2019 (2018: nil to 0.02% per annum).

Included in bank balances is the following amount denominated in a currency other than the functional currency of the respective group entity:

	2019 HK$'000	2018 HK$'000
Renminbi ("RMB")	**16**	16

22. TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables		
– aged within 30 days (based on invoice date)	**6,573**	4,383
Accrued employee benefit expense	**8,535**	5,629
Deferred rent	**3,905**	2,347
Other payable for property, plant and equipment	**124**	275
Accruals	**3,124**	2,886
	22,261	15,520
Less: items expected to be realised over one year shown under non-current liabilities:		
– deferred rent	**(2,947)**	–
	19,314	15,520

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

23. OBLIGATIONS UNDER FINANCE LEASES

	2019 HK$'000	2018 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**176**	381
Non-current liabilities	**–**	176
	176	557

It is the Group's policy to lease motor vehicles under finance leases. The average lease term is 3 years (2018: 3 years). The average interest rates underlying all obligations under finance leases were 1.28% (2018: 1.23%) per annum.

	Minimum lease payments		**Present value of minimum lease payments**	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Obligation under finance lease payable				
– within one year	**179**	391	**176**	381
– in more than one year but not more than two years	**–**	179	**–**	176
	179	570		
Less: Future finance charges	**(3)**	(13)	**176**	557
Present value of lease obligations	**176**	557		
Less: Amount due for settlement within one year shown under current liabilities			**–**	(381)
Amount due for settlement after one year			**176**	176

24. BANK BORROWING

	2019 HK$'000	2018 HK$'000
Bank loan, secured and guaranteed	**3,292**	4,504
Carrying amount repayable (according to scheduled repayment term as set out in the loan agreement):		
– Within one year	**1,246**	1,212
– More than one year, but not exceeding two years	**1,281**	1,246
– More than two years, but not exceeding five years	**765**	2,046
	3,292	4,504
Carrying amount that contain a repayment on demand clause (shown under current liabilities)	**3,292**	4,504

The Group's bank borrowing carries variable-rate interest at Hong Kong Dollar Best Lending Rate ("BLR") less 2.2% per annum.

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

	2019	2018
Effective interest rate (per annum):		
Variable-rate borrowings	**2.86%**	2.8%

The secured bank borrowing of HK$3,292,000 as at 31 March 2019 (2018: HK$4,504,000), represent term loan borrowed by the Group for its operation. As at 31 March 2019, such term loan is secured by (1) the life insurance policy for Mr. Wong held by the Group as mentioned in Note 19; (2) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Company; and (3) corporate guarantee of the Company.

As at 31 March 2018, such term loan was secured by (1) the leasehold land and buildings owned by the Controlling Shareholders; (2) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Group; and (3) guarantees given by the Controlling Shareholders. Regarding the guarantees from Controlling Shareholders of the Company, and a pledge of the leasehold land and buildings owned by the Controlling Shareholders of the Company to secure the bank borrowings of the Group, it have been released in 2018.

Besides, as at the end of the reporting period, the Group has undrawn borrowing facilities under floating rate amounting to HK$8,500,000 (2018: HK$24,450,000).

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

(a) Amount due from a shareholder

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

As at 1 April 2017, the amount is nil and the maximum amount outstanding during the year is HK$37,000 (2018: HK$29,000).

(b) Amount due from a joint venture

The balance represents the amount due from Long Sea, which is non-trade in nature, unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amount is not expected to be repaid within twelve months from the end of the reporting period. Accordingly, the balance is classified as non-current.

(c) Amount due from an associate

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

(d) Loan to an associate

The amount is loan to UML which is unsecured and interest-free and repayable on demand. In the opinion of the directors of the Company, the amount is not expected to be repaid within twelve months from the end of the reporting period. Accordingly, the balance is classified as non-current.

(e) Amount due to a shareholder

The amount is trade nature, unsecured, interest-free and with a credit term of 30 days. The trade balance as at 31 March 2019 and 2018 based on the invoice date is aged within 30 days.

Details of impairment assessment of amounts due from a joint venture, an associate and a shareholder, and loan to an associate for the year ended 31 March 2019 are set out in Note 33.

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Dividend payable HK$'000	Accrued issue cost HK$'000	Obligations under finance leases HK$'000	Amount due to a director HK$'000	Advances from non-controlling shareholders of subsidiaries/ shareholders HK$'000	Bank borrowings HK$'000	Total HK$'000
At 1 April 2017	–	–	1,096	12,138	2,720	12,436	28,390
Financing cash flows	–	(8,392)	(564)	(12,138)	(2,720)	(8,445)	(32,259)
Finance costs recognised	–	–	25	–	–	513	538
Accrued issue cost	–	8,392	–	–	–	–	8,392
At 1 April 2018	–	–	557	–	–	4,504	5,061
Financing cash flows	(14,561)	–	(391)	–	–	(1,325)	(16,277)
Finance costs recognised	–	–	10	–	–	113	123
Dividends declared	14,561	–	–	–	–	–	14,561
At 31 March 2019	–	–	176	–	–	3,292	3,468

27. PROVISION FOR REINSTATEMENT COSTS

	Reinstatement works HK$'000
At 1 April 2017	698
Addition	175
At 31 March 2018	873
Addition	389
At 31 March 2019	1,262

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

28. PROVISION FOR LONG SERVICE PAYMENTS

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

	HK$'000
At 1 April 2017	–
Addition	198
At 31 March 2018	198
Addition	76
At 31 March 2019	274

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service, and is reduced by entitlements accrued under the Group's MPF Scheme that is attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations. These amounts have not been discounted for the purpose of measuring the provision for long service payments as the effect is not significant.

29. DEFERRED TAXATION

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

	2019 HK$'000	2018 HK$'000
Deferred tax assets	**474**	481
Deferred tax liabilities	**(726)**	(957)
	(252)	(476)

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

	Tax losses HK$'000	**Allowance for credit losses** HK$'000	**Depreciation allowance** HK$'000	**Total** HK$'000
At 1 April 2017	–	–	(273)	(273)
Charge to profit or loss for the year	–	–	(203)	(203)
At 31 March 2018	–	–	(476)	(476)
Credit (charge) to profit or loss for the year	185	73	(34)	224
At 31 March 2019	185	73	(510)	(252)

At the end of the reporting period, the Group has unused tax losses of HK$1,116,000 (31 March 2018: HK$4,635,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$1,116,000 (31 March 2018: nil) of such losses. No deferred tax asset has been recognised in respect of 31 March 2018 for HK$4,635,000 due to the unpredictability of future profit streams. Unused tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$491,000 (31 March 2018: HK$672,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

30. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 26 May 2017 (date of incorporation)	3,800,000	380
Increase in authorised share capital on 20 December 2017 (Note a)	996,200,000	99,620
At 31 March 2018 and 31 March 2019	1,000,000,000	100,000
Issued and fully paid:		
Issue of share at date of incorporation (Note a)	1	–
Issue of shares on 23 June 2017 pursuant to the Group Reorganisation (Note b)	2,999,999	300
Capitalisation issue (Note c)	297,000,000	29,700
Issue of shares on 17 January 2018 (Note d)	100,000,000	10,000
At 31 March 2018	400,000,000	40,000
Shares repurchased and cancelled (Note e)	(6,472,000)	(647)
At 31 March 2019	393,528,000	39,353

Notes:

(a) The Company was incorporated and registered as an exempted company in the Cayman Islands on 26 May 2017 with an authorised share capital of HK$380,000 divided into 3,800,000 shares of a nominal value of HK$0.1 each. Upon incorporation of the Company, one subscriber share was allotted and issued as nil paid to independent third party as initial subscriber and the nil paid share was transferred to IKEAB on the same day. Pursuant to the written resolutions passed by the then shareholders of the Company on 20 December 2017, the authorised share capital has been increased to HK$100,000,000 divided into 1,000,000,000 shares of a nominal value of HK$0.1 each.

(b) On 23 June 2017, as part of the Group Reorganisation as disclosed in Note 1, the Company allotted and issued 2,494,999 shares to IKEAB, a company which is wholly-owned by the Controlling Shareholders, and 505,000 shares to the then non-controlling shareholders of certain subsidiaries of Better World Holdings.

(c) Pursuant to the written resolutions passed by the then shareholders of the Company on 20 December 2017 and upon the share premium account of the Company being credited as a result of the Listing of shares of the Company on GEM of the Stock Exchange in January 2018, the amount of HK$29,700,000 from the amount standing to the credit of the share premium account of the Company was capitalised to pay up in full at par a total of 297,000,000 ordinary shares of HK$0.1 each for allotment and issue to the shareholders as of 20 December 2017, on a pro rata basis.

30. SHARE CAPITAL *(Continued)*

Notes:

(d) On 17 January 2018, the Company was successfully listed on GEM of the Stock Exchange following the completion of listing of 100,000,000 new shares of HK$0.1 each issued at a price of HK$0.92 per share. Proceeds of HK$10,000,000, representing the par value of the share issued, was credited to the share capital of the Company. The remaining proceeds of HK$82,000,000 was credited to the share premium account.

(e) In June and July 2018, the Company repurchased 6,472,000 shares in total through the Stock Exchange at prices ranging from HK$0.72 to HK$0.74 per share at a total consideration of approximately HK$4,778,000 including transaction costs of approximately HK$38,000. The 6,472,000 repurchased ordinary shares were cancelled during the year. The premium of HK$4,131,000 paid on the repurchase of such shares was debited to the share premium account and an amount of HK$647,000 was transferred from retained profits of the Company to the capital redemption reserve.

In March 2019, the Company further repurchased in total of 13,796,000 shares through Stock Exchange at price ranging from HK$0.71 to HK$0.72 per share at a total consideration of approximately HK$9,864,000 including transaction costs of approximately HK$35,000. The shares repurchased are cancelled in April 2019.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

The shares allotted and issued above rank pari passu in all aspects with the then existing shares of the Company.

31. RETIREMENT BENEFITS SCHEME

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500 (the "Mandatory Contributions"), and this is the only obligation of the Group with respect to the MPF Scheme to make the required contribution. The employees are entitled to 100% of the employer's Mandatory Contributions upon their retirement at the age of 65, death or total incapacity.

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

During the year ended 31 March 2019, total expense recognised in profit or loss of HK$3,473,000 (2018: HK$2,600,000), represents contributions paid and payable to the MPF Scheme by the Group at rates specified in the rules of the MPF Scheme.

32. CAPITAL RISK MANAGEMENT

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

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

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

33. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets at amortised cost	84,663	–
Mandatorily measured at FVTPL	1,569	–
Loans and receivables (including cash and cash equivalents)	–	96,926
Financial liabilities		
Amortised cost	10,487	9,577

b. Financial risk management objectives and policies

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

Market risks

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

33. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risks *(Continued)*

(i) Interest rate risk

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

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

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower for variable rate bank borrowing, with all other variables held constant, the Group's post-tax profit for the year ended 31 March 2019 would decrease/increase by approximately HK$14,000 (2018: HK$19,000).

No sensitivity analysis of bank balances of the Group is presented as the management of the Group considers that the interest rate fluctuations on bank balances is minimal.

(ii) Foreign currency risk

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

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

	2019		2018	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
RMB	**16**	**–**	16	–
US$	**1,569**	**–**	1,569	–

33. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risks *(Continued)*

(ii) Foreign currency risk (Continued)

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

Due to the insignificant balance of RMB held by the Group, the management of the Group considered the exposure to foreign currency risk for RMB against HK$ is minimal, and no sensitivity analysis is prepared.

Credit risk and impairment assessment

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

As at 31 March 2019 and 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has a credit control policy in place under which credit evaluation of customers are performed on all customers requiring credit. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on credit card and delivery agents trade receivables from credit card companies and delivery agents and the remaining trade receivables of the Group individually.

Trade receivables from financial institutions in connection to settlements by credit cards by the customers are with high credit rating and have no past due history. The management of the Group considers these assets are short-term in nature and the probability of default is negligible on the basis of the high-credit-rating issuers as at 31 March 2019; and accordingly, no loss allowance was recognised.

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

33. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Other receivables, rental and utilities deposits and other deposits
The management of the Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information under ECL model upon application of HKFRS 9 (2018: incurred loss model). The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits.

Amounts due from an associate, a joint venture and a shareholder and loan to an associate
The Group has concentration risk on amounts due from an associate, a joint venture and a shareholder and loan to an associate as at 31 March 2019. The directors of the Company continuously monitor the credit quality and financial positions of the counterparties and the level of exposure to ensure that follow-up action is taken to recover the debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on balances individually. As at 31 March 2019, the management of the Group assessed that the ECL allowance for these receivables is immaterial under 12m ECL method.

Bank balances
The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. No loss allowance provision for bank balances was recognised upon application of HKFRS 9. The Group has limited exposure to any single financial institution.

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

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

33. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

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

2019	Notes	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount HK$'000
Financial assets at amortised cost					
Trade receivables – credit cards	20	A2, A3 (note 1)	N/A	Lifetime ECL	2,516
Trade receivables – delivery agents	20	N/A	Low risk (note 1)	Lifetime ECL	422
Other receivables and deposits	20	N/A	Low risk (note 2)	12m ECL	23,656
Loan to an associate	25	N/A	Low risk (note 3)	12m ECL	997
Amount due from an associate	25	N/A	Low risk (note 3)	12m ECL	321
Amount due from a joint venture	25	N/A	Low risk (note 4)	12m ECL	1,885
Amount due from a shareholder	25	N/A	Low risk (note 2)	12m ECL	37
Bank balances	21	Aa2, Aa3 (note 5)	N/A	12m ECL	54,427

Notes:

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

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

   For amounts due from delivery agents, the credit risks are limited as the counterparties have good business relationships with the Group and with satisfactory settlement history.

   During the year ended 31 March 2019, no impairment allowance was provided for trade receivables as the amount is insignificant.

33. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Notes: – *(Continued)*

2. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Not past due/ no fixed repayment terms HK$'000
Other receivables and deposits	23,656
Amount due from a shareholder	37

During the year ended 31 March 2019, no impairment allowance was provided for other receivables, deposits and amount due from a shareholder as the amount is insignificant.

3. In order to minimise the credit risk, the Group will assess the credit quality of an associate. The Group measures the loss allowance at 12m ECL. The exposure to credit risk for loan to an associate is assessed within 12m ECL with an average loss rate of approximately 15.34%. Impairment allowance of HK$153,000 was provided by the Group as at 31 March 2019.

For the amount due from an associate, the Group measures the loss allowance at 12m ECL. For the purpose of impairment assessment, the ECL is considered to be immaterial after considering its short repayment period.

4. In order to minimise the credit risk, the Group will assess the credit quality of a joint venture. For amount due from a joint venture, the exposure to credit risk is assessed within 12m ECL with an average loss rate of approximately 15.34%. Impairment allowance of HK$289,000 was provided by the Group as at 31 March 2019.

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

During the year ended 31 March 2019, no impairment allowance was provided for bank balances as the amount is insignificant.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of committed credit facilities. The committed unutilised banking facilities made available to the Group are HK$8,500,000 (2018: HK$24,450,000).

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

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and obligations under finance leases. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and obligations under finance leases based on the earliest date on which the Group can be required to pay. Specifically, 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 rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

33. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

Liquidity tables

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2019					
Non-derivative financial liabilities					
Trade and other payables	**–**	**6,697**	**–**	**6,697**	**6,697**
Amount due to a shareholder	**–**	**498**	**–**	**498**	**498**
Bank borrowing	**2.86**	**3,292**	**–**	**3,292**	**3,292**
		10,487	**–**	**10,487**	**10,487**
Obligations under finance leases	**1.28**	**179**	**–**	**179**	**176**
		10,666	**–**	**10,666**	**10,663**

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2018					
Non-derivative financial liabilities					
Trade and other payables	–	4,658	–	4,658	4,658
Amount due to a shareholder	–	415	–	415	415
Bank borrowing	2.80	4,504	–	4,504	4,504
		9,577	–	9,577	9,577
Obligations under finance leases	1.23	391	179	570	557
		9,968	179	10,147	10,134

33. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

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

Bank borrowing with a repayment on demand clause are included in the "repayable on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2019, the aggregate carrying amount of the bank borrowing amounted to HK$3,292,000 (2018: HK$4,504,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The management of the Group believes that the bank borrowing will be repaid in accordance with the scheduled repayment dates set out in the loan agreement.

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

	Weighted average effective interest rate %	Less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Bank borrowing with a repayment on demand clause						
As at 31 March 2019	**2.86**	**1,323**	**1,323**	**772**	**3,418**	**3,292**
As at 31 March 2018	2.80	1,323	1,323	2,094	4,740	4,504

33. FINANCIAL INSTRUMENTS *(Continued)*

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

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

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

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique and key input
	31 March 2019 HK$'000	31 March 2018 HK$'000		
Financial asset at FVTPL	**1,569**	–	Level 3	Based on credit rating, age of life-insured person and the discount rate (Note)

Note: The unobservable significant input is discount rate and if the discount rate increases, the fair value decreases and vice versa.

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

Reconciliation of Level 3 fair value measurements of financial assets

	HK$'000
At 1 April 2018	1,521*
Net gains in profit or loss	48
At 31 March 2019	1,569

* Being reclassified from prepayments and other deposits and trade and other receivables and remeasured at fair value upon initial application of HKFRS 9 on 1 April 2018.

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

34. OPERATING LEASE COMMITMENTS

	2019 HK$'000	2018 HK$'000
The Group as lessee		
Lease payments under operating leases in respect of restaurant premises, office premises and directors' quarters:		
– minimum lease payments	**45,754**	30,101
– contingent rents	**1,881**	2,123
	47,635	32,224

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

	2019 HK$'000	2018 HK$'000
Within one year	**56,459**	35,567
In the two to fifth years inclusive	**132,751**	61,868
Over fifth year	**8,002**	–
	197,212	97,435

The above operating lease payments represent rental payable by the Group for office premises and restaurant premises for the years ended 31 March 2019 and 2018.

Leases and rentals are negotiated and fixed for the term of one to six years. The operating lease rentals for certain restaurants are determined at the higher of a fixed rental or a pre-determined percentage on revenue of respective restaurants pursuant to the terms and conditions that are set out in the respective rental agreements. As the future revenue of these restaurants could not be reliably determined, the relevant contingent rents have not been included above and only the minimum lease commitments have been included in the table above.

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

Including in the commitments for future lease payments under non-cancellable operating leases, HK$656,000 (2018: HK$369,000) which fall due within one year is related to the rental agreement entered into with the Controlling Shareholders.

35. CAPITAL COMMITMENTS

	2019 HK$'000	2018 HK$'000
Contracted for but not provided:		
Property, plant and equipment	**1,772**	549

36. RELATED PARTY TRANSACTIONS

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

Name of related party	Nature of transactions	2019 HK$'000	2018 HK$'000
Chiu Kee (Note 1)	Purchases of food ingredients	**5,601**	5,106
Mr. Wong and Ms. Chan (Note 2)	Rental expenses of office premises and warehouse	**859**	243
Long Sea	Management fee income	**134**	–
UML	Sale of property, plant and equipment	**338**	–

Notes:

(1) This related party is owned by a non-controlling shareholder of subsidiaries who became a shareholder of the Company since 23 June 2017 following the Group Reorganisation as disclosed in Note 2.

(2) On 30 June 2017, the leasehold land and building owned by the Group was disposed of to the Controlling Shareholders at a consideration of HK$2,640,000, which represented the market value of the leasehold land and building at 30 June 2017 as determined with reference to the transaction prices of comparable properties of similar size, character and location as assessed by Asset Appraisal Limited, a firm of independent qualified professional valuers not related to the Group. The address of Asset Appraisal Limited is Room 901, 9/F, On Hong Commercial Building, No. 145 Hennessy Road, Wan Chai, Hong Kong. The Group entered into a rental agreement with the Controlling Shareholders in respect of this leasehold land and building for a fixed term of one year commencing from 1 July 2017, and the lease agreement has been renewed on 1 January 2019 for a fixed term of one year.

Compensation of key management personnel

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

	2019 HK$'000	2018 HK$'000
Short-term benefits	**7,697**	7,614
Post-employment benefits	**108**	123
	7,805	7,737

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

37. PARTICULARS OF SUBSIDIARIES

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

Name of subsidiaries #	Place of incorporation and operation	Issued and fully paid-up share capital	Attributable equity interest held by the Company As at 31 March 2019	Attributable equity interest held by the Company As at 31 March 2018	Principal activities
BWHK Limited	BVI/Hong Kong ("HK")	US$1	**100%**	100%	Investment holding
Better World Holdings	HK	HK$100	**100%**	100%	Investment holding
Rise Charm Limited	HK	HK$100	**100%**	100%	Restaurant operations
Better World Development Limited	HK	HK$100	**100%**	100%	Restaurant operations
Nice Grain Limited	HK	HK$3,000,000	**100%**	100%	Restaurant operations
Taste New Limited	HK	HK$1,000,000	**100%**	100%	Restaurant operations
Taste Gourmet Limited	HK	HK$200	**100%**	100%	Restaurant operations
Business Development Limited	HK	HK$100	**100%**	100%	Restaurant operations
Better World Management Limited	HK	HK$1	**100%**	100%	Provision of management services
MP Limited	HK	HK$1	**100%**	100%	Restaurant operations

BWHK is a directly held subsidiary of the Company. All other subsidiaries are indirectly held by the Company.

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

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

38. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

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

The directors of the Company may, at its absolute discretion, offer to grant an option to subscribe for such number of shares in the Company at a price determined by the directors of the Company, but shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares of the Company on the date of grant of the option.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on 17 January 2018. Options granted must be taken up within the period specified in the letter containing the offer of the grant of the options. A consideration of HK$1 is payable on acceptance of the offer of grant of an option. The total number of shares in respect of share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue immediately after completion of the Listing and as at the Listing Date, without prior approval from the shareholders of the Company. No options shall be granted to any participant under the Share Option Scheme in excess of 1% of the total number of shares of the Company in issue at such date, without prior approval from the shareholders of the Company. At any time, the maximum number of shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Share Option Scheme and any other schemes of the Company to Eligible Persons must not exceed 30% of the total number of shares of the Company in issue from time to time.

On 29 June 2018, a total number of 2,810,000 share options was granted to certain eligible employees under the Share Option Scheme at an exercise price of HK$0.92 per share. The exercise price is the same as the offer price of the shares of the Company at its initial public offering on 17 January 2018 which is higher than: (i) the closing price of HK$0.74 per share as stated in the daily quotation sheet issued by the Stock Exchange on 29 June 2018, being the date of the grant; (ii) the average closing price of HK$0.74 per share as stated in the daily quotation sheet issued by the Stock Exchange for five business days immediately preceding the date of the grant; and (iii) HK$0.10, being the nominal value of the each share. The share options granted will be vested as to 30%, 30% and 40% from the first, second and third anniversary from the date of grant and is all exercisable till 28 June 2028. No share options were exercisable at the end of the reporting period.

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

Share Option Scheme *(Continued)*

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

	Number of share options
As at 1 April 2018	–
Granted during the year	2,810,000
As at 31 March 2019	2,810,000

The closing price of the Company's shares immediately before 29 June 2018, the date of grant, was HK$0.74. The fair value of the options determined at the date of grant using the Binomial model was approximately HK$527,000, of which approximately HK$232,000 was charged to the profit or loss for the year ended 31 March 2019.

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

Grant date share price	HK$0.74
Exercise price	HK$0.92
Expected life	10 years
Expected volatility	32.85%
Dividend yield	2.97%
Risk-free interest rate	2.17%

Expected volatility was determined by using the historical volatility of the Company's share price over the year since Listing. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors of the Company's best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

39. MAJOR NON-CASH TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group entered into the following major non-cash transactions:

(a) During the year ended 31 March 2019, the Group entered into a subscription agreement with an independent third party to subscribe for a 50% equity interest in Long Sea amounting to HK$1,203,000 which was settled by the contribution of certain property, plant and equipment of the Group of HK$1,149,000 with the remainder in cash of HK$54,000.

(b) During the year ended 31 March 2019, property, plant and equipment of the Group was disposed of to UML, at a consideration of HK$338,000 and has been settled through amount due from an associate.

40. ACQUISITION OF BUSINESS

During the year ended 31 March 2019, the following business acquisitions took place:

(i) On 1 April 2018, the Group entered into a sales and purchase agreement with an independent third party to acquire a restaurant operation business, namely Sweetology, through acquisition of property, plant and equipment, intangible asset and other receivables amounting to HK$103,000, HK$94,000 and HK$3,000, respectively, for a cash consideration of HK$200,000. The transaction was completed on 1 April 2018.

(ii) On 31 October 2018, the Group entered into a sales and purchase agreement with an independent third party to acquire a chain of restaurant operation business, namely Parkview ("Parkview"), through acquisition of property, plant and equipment amounting to HK$2,449,000, for a cash consideration of HK$5,500,000. As part of the consideration, the vender granted the Group a perpetual license to use "Parkview" brand at completion date of the transaction, which was completed on 31 October 2018.

All the above acquisitions have been accounted for using the acquisition method of accounting.

	Sweetology HK$'000	Parkview* HK$'000	Total HK$'000
Fair value of assets recognised at the date of acquisition:			
Property, plant and equipment	103	2,449	2,552
Intangible asset	94	–	94
Other receivables	3	–	3
Total fair value of identifiable assets acquired	200	2,449	2,649

* The acquisition of Parkview for the current year is accounted for as business combination and details of the fair value of the assets acquired was determined on a provisional basis at the date of acquisition.

40. ACQUISITION OF BUSINESS *(Continued)*

Goodwill arising from acquisition

	Sweetology HK$'000	Parkview HK$'000	Total HK$'000
Consideration transferred	200	5,500	5,700
Less: net assets acquired	(200)	(2,449)	(2,649)
Goodwill arising on acquisition	–	3,051	3,051

Goodwill arose in the acquisition of Parkview because of the expected synergies, revenue growth, future market development, and the assembled workforce of Parkview. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purpose.

The acquisition-related costs incurred are insignificant.

Net cash outflow on acquisition of business

	Sweetology HK$'000	Parkview HK$'000	Total HK$'000
Consideration paid during the year ended			
31 March 2018 (note)	200	–	200
31 March 2019	–	5,500	5,500

Note: Deposit paid in year ended 31 March 2018 was included in trade and other receivables in the consolidated statement of financial position.

During the year ended 31 March 2019, Sweetology and Parkview contributed a total of HK$35,678,000 and HK$6,572,000 to the Group's revenue and profit for the year, respectively.

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS		
Investment in a subsidiary	**300**	300
Amounts due from subsidiaries (Note)	**80,561**	28,364
Intangible asset	**1,430**	–
	82,291	28,664
CURRENT ASSETS		
Deposits and prepayments (Note)	**294**	1,189
Amount due from a shareholder (Note)	**22**	22
Amounts due from subsidiaries (Note)	**5,000**	2,000
Bank balances (Note)	**2,578**	35,194
	7,894	38,405
CURRENT LIABILITIES		
Accrued expenses	**410**	220
Amounts due to subsidiaries	**16,359**	30
Tax payable	**2**	–
	16,771	250
NET CURRENT (LIABILITIES) ASSETS	**(8,877)**	38,155
NET ASSETS	**73,414**	66,819
CAPITAL AND RESERVES		
Share capital (Note 30)	**39,353**	40,000
Reserves	**34,061**	26,819
TOTAL EQUITY	**73,414**	66,819

Note: ECL for deposits, amounts due from subsidiaries and a shareholder and bank balances are assessed on a 12m ECL basis as there has been no significant increase in credit risk since initial recognition and impairment allowance is considered to be insignificant. No provision for impairment loss has been recognised upon application of HKFRS 9 on 1 April 2018.

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

The movements in reserves of the Company:

	Share premium HK$'000	Other reserve HK$'000	Share options reserve HK$'000	Capital redemption reserve HK$'000	Treasury share reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 26 May 2017 (date of incorporation)	–	–	–	–	–	–	–
Capitalisation issue of shares (Note 30)	(29,700)	–	–	–	–	–	(29,700)
Issue of new shares upon share offer in the Listing (Note 30)	82,000	–	–	–	–	–	82,000
Issue of new shares pursuant to the Group Reorganisation	–	300	–	–	–	–	300
Transaction costs attributable to issue of new shares	(8,392)	–	–	–	–	–	(8,392)
Loss and total comprehensive expense for the year	–	–	–	–	–	(17,389)	(17,389)
At 31 March 2018	43,908	300	–	–	–	(17,389)	26,819
Shares repurchased and cancelled (Note 30)	(4,131)	–	–	647	–	(647)	(4,131)
Shares repurchased	–	–	–	–	(9,864)	–	(9,864)
Recognition of equity settled share-based payment (Note 38)	–	–	232	–	–	–	232
Dividends recognised as distribution (Note 13)	(14,561)	–	–	–	–	–	(14,561)
Profit and total comprehensive income for the year	–	–	–	–	–	35,566	35,566
At 31 March 2019	25,216	300	232	647	(9,864)	17,530	34,061