Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8510)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

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 Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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

BUSINESS AND FINANCIAL HIGHLIGHTS

During the year ended 31 March 2019:

- the Group's new restaurant under the "Man Jiang Hong (滿江紅)" and "Pure Veggie House (心齋) brand located at Tsimshatsui ("**MJH TST**") and Taipei ("**PVH Taipei**") commenced operations in October 2018 and January 2019, and revenue from these restaurants since the commencement of operations up to 31 March 2019 was approximately HK$6.9 million and HK$3.5 million, respectively;

- the Group recorded revenue of approximately HK$129.2 million, representing an increase of approximately 11.2% as compared to the year ended 31 March 2018;

- due to the effect of the opening of MJH TST and PVH Taipei, an increase in the raw materials and consumables used and staff costs (which outpaced the revenue growth during the year ended 31 March 2019), the Group recorded a net loss of approximately HK$37.7 million for the year ended 31 March 2019 (2018: approximately HK$21.9 million), representing an increase of approximately 72.1% as compared to the year ended 31 March 2018.

The Board does not recommend the payment of final dividend for the year ended 31 March 2019.

RESULTS

The Directors are pleased to announce the consolidated results of the Group for the year ended 31 March 2019, together with the comparative figures for the year ended 31 March 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

		2019	2018
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**129,168**	116,142
Other income		**230**	42
Impairment losses on trade receivables		**(509)**	–
Other gains and losses		**(3,618)**	–
Raw materials and consumables used		**(45,775)**	(34,677)
Staff costs		**(53,412)**	(41,324)
Depreciation		**(9,087)**	(5,687)
Rental and related expenses		**(29,583)**	(23,569)
Utilities expenses		**(8,734)**	(5,311)
Listing expenses		**–**	(17,961)
Other expenses		**(15,230)**	(7,720)
Finance costs	*5*	**(855)**	(651)
Loss before taxation		**(37,405)**	(20,716)
Income tax expense	*6*	**(249)**	(1,178)
Loss for the year		**(37,654)**	(21,894)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of a foreign operation		**(37)**	–
Total comprehensive expense for the year attributable to the owners of the company		**(37,691)**	(21,894)
Loss per share			
Basic (HK cents)	*9*	**(4.71)**	(3.50)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Non-current assets			
Property and equipment		**38,139**	23,092
Deposits	*10*	**6,838**	7,590
Deferred tax assets		**235**	432
		45,212	31,114
Current assets			
Inventories		**637**	648
Trade receivables, deposits and prepayments	*10*	**8,017**	4,688
Amounts due from related parties		**10**	–
Tax recoverable		**1,256**	559
Pledged bank deposits		**8,038**	–
Bank balances and cash		**1,875**	52,127
		19,833	58,022
Current liabilities			
Trade and other payables and accruals	*11*	**20,736**	16,294
Bank borrowings	*12*	**23,005**	21,740
Obligations under finance leases		**80**	53
		43,821	38,087
Net current (liabilities) assets		**(23,988)**	19,935
Total assets less current liabilities		**21,224**	51,049

	2019	2018
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred tax liabilities	**140**	109
Obligations under finance leases	**129**	140
Provision	**970**	960
Amounts due to directors	**8,062**	–
	9,301	1,209
Net assets	**11,923**	49,840
Capital and reserves		
Share capital	**8,000**	8,000
Reserves	**3.923**	41,840
Total equity	**11,923**	49,840

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*	**Other reserve** *HK$'000* *(note)*	**Translation reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 1 April 2017	–	8,072	4,686	–	(1,256)	11,502
Loss and total comprehensive expense for the year	–	–	–	–	(21,894)	(21,894)
Issue of shares	2,000	68,000	–	–	–	70,000
Capitalisation issue	6,000	(6,000)	–	–	–	–
Transaction costs directly attributable to issue of shares	–	(9,768)	–	–	–	(9,768)
At 31 March 2018	8,000	60,304	4,686	–	(23,150)	49,840
Adjustment *(note 3)*	–	–	–	–	(226)	(226)
At 1 April 2018 (Restated)	8,000	60,304	4,686	–	(23,376)	49,614
Loss for the year	–	–	–	–	(37,654)	(37,654)
Exchange differences arising on translation of a foreign operation	–	–	–	(37)	–	(37)
Other comprehensive expense for the year	–	–	–	(37)	–	(37)
Total comprehensive expense for the year	–	–	–	(37)	(37,654)	(37,691)
At 31 March 2019	8,000	60,304	4,686	(37)	(61,030)	11,923

Note: Other reserve represents the difference between the share capital of group entities and that of the Company issued pursuant to the group reorganisation and shareholder's contribution upon the group reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL

Top Standard Corporation (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 of the laws of the Cayman Islands on 11 February 2016. The Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 February 2018.

The addresses of the Company's registered office and the principal place of business are 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands and Unit 2704, 27th Floor, Universal Trade Centre, 3 Arbuthnot Road, Central, Hong Kong, respectively.

The immediate and ultimate holding company is JSS Group Corporation ("JSS Group"). JSS Group is a limited liability company incorporated in the British Virgin Islands (the "BVI") and wholly-owned by Mr. Chuk Stanley ("Mr. Stanley Chuk"), who is an executive director of the Company.

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of catering services (including services provided and food served).

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

During the year ended 31 March 2019, the Group reported a loss of HK$37,654,000. As at 31 March 2019, the Group's current liabilities exceeded its current assets by approximately HK$23,988,000. As at 31 March 2019, the Group had total bank borrowings of HK$23,005,000, of which approximately HK$16,757,000 are scheduled to be repayable within the coming twelve months from 31 March 2019. As at the same date, its bank balances and cash amounted to HK$1,875,000 only.

The above matters indicated that the Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations. All of the above conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 March 2019. The directors are of the opinion that, taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2019;

(i) In June 2019, the Group successfully obtained unsecured and interest-free long-term borrowings from Mr. Chuk Kin Yuen ("Mr. KY Chuk"), the shareholder of the Group of approximately HK$18,000,000;

(ii) The Group had further obtained a loan facility with an aggregated amount of HK$20,000,000 from a licensed money lending company in Hong Kong. As at the date of this announcement, no facility had been drawn down by the Group;

(iii) Subsequent to 31 March 2019, the Group issued a HK$30,000,000 bond at 10% interest per annum and approximately HK$2,000,000 has been subscribed by the bond investors up to the date of this announcement;

(iv) Mr. Stanley Chuk and Mr. KY Chuk, the substantial shareholder and shareholder of the Group had issued a letter to the Group and agreed not to demand for repayment of the amounts due from the Group for the next coming twelve months from the date of reporting period and agreed to provide support to the Group for a period up to 31 March 2020 and take measures to enable the Group to have sufficient working capital to meet its liabilities and obligations as and when they fall due and to continue to carry on its business.

In the opinion of the directors, in light of the above plans and measures, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 March 2019. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO 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 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 effect 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.

3.1 HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue and the relevant interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and the relevant interpretations.

The Group recognises revenue from the following major sources:

- Catering service income (including services provided and food served)
- Membership fee income

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in annual report.

The adoption of HKFRS 15 does not have a significant impact on the Group's financial position and results of operation for the period. There is also no material impact to the Group's accumulated losses as at 1 April 2018.

3.2 HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments 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 accumulated losses 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 annual report.

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.

	Trade receivables	**Accumulated losses**
	HK$'000	*HK$'000*
Closing balances at 31 March 2018 — HKAS 39	1,310	(23,150)
Effect arising from initial application of HKFRS 9		
Remeasurement impairment under ECL model (a)	(226)	(226)
Opening balance at 1 April 2018	1,084	(23,376)

(a) 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 grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, pledged bank deposits and bank balances, are measured on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition. In the opinion of the directors of the Company, the expected credit loss for other financial assets are insignificant as at 1 April 2018.

As at 1 April 2018, the additional credit loss allowance of HK$226,000 has been recognised against accumulated losses.

All loss allowances for financial assets including trade receivables as at 31 March 2018 reconcile to the opening loss allowance as at 1 April 2018 is as follows:

	Trade receivables
	HK$'000
At 31 March 2018 — HKAS 39	–
Amounts remeasured through opening accumulated losses	226
At 1 April 2018	226

3.3 Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 March 2018 (audited)	**HKFRS 9**	**1 April 2018** (restated)
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Trade receivables	1,310	(226)	1,084

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	Uncertainly over Income Tax Treatments(1)
Amendments to HKFRS 3	Definition of a Business(4)
Amendments to HKFRS 9	Prepayment Features with Negative Compensation(1)
Amendment 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 and Interpretations 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 sales 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 modifications.

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 are presented 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.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$52,418,000 as disclosed in annual report. A preliminary assessment indicates that these arrangements will meet the definition of a lease. 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$7,368,000 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 application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to 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 applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated losses without restating comparative information.

4. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	2019	2018
	HK$'000	*HK$'000*
Catering service income (including services provided and food served)	**128,434**	115,426
Membership fee income	**734**	716
	129,168	116,142
Timing of revenue recognition		
A point in time	**129,168**	116,142

(ii) Performance obligations for contracts with customers

Revenue from catering service income and membership fee income is recognised when control of the goods and services have been transferred to the customers, being at the point the goods are delivered and the related services are rendered to the customers. Payment of the transaction price is due immediately at the point the Group provides the services and serves the foods to the customers.

The consolidated financial statements reported to the management of the Group, being the chief operating decision maker, for the purpose of assessment of segment performance and resources allocation focusing on different restaurants of the Group. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments are (i) Sichuanese and Cantonese cuisine under the brand of "San Xi Lou" ("San Xi Lou"); (ii) vegetarian cuisine under the brand of "Pure Veggie House" ("Pure Veggie House"); (iii) vegetarian cuisine under the brand of "Pure Veggie House" in Taipei, Taiwan ("Pure Veggie House Taipei"); (iv) Sichuanese cuisine under the brand of "Man Jiang Hong" ("Man Jiang Hong"); (v) Japanese cuisine located in Central, Hong Kong ("Ronin Central"); and (vi) Japanese cuisine located in Wanchai, Hong Kong ("Ronin Wanchai").

Segment revenue and results

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Pure Veggie House Taipei HK$'000	Man Jiang Hong HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	Segment total HK$'000	Eliminated HK$'000	Consolidated HK$'000
Year ended 31 March 2019									
External revenue	**83,000**	**13,909**	**3,495**	**6,850**	**10,104**	**11,810**	**129,168**	**–**	**129,168**
Inter segment sales	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**83,000**	**13,909**	**3,495**	**6,850**	**10,104**	**11,810**	**129,168**	**–**	**129,168**
Segment results	**(1,278)**	**1,442**	**(88)**	**(3,504)**	**(2,853)**	**(6,361)**	**(12,642)**	**–**	**(12,642)**
Other income									**230**
Other gains and losses									**(36)**
Finance costs									**(855)**
Other expenses									**(24,102)**
Loss before taxation									**(37,405)**

	San Xi Lou HK$'000	Pure Veggie House HK$'000	Ronin Central HK$'000	Ronin Wanchai HK$'000	Segment total HK$'000	Eliminated HK$'000	Consolidated HK$'000
Year ended 31 March 2018							
External revenue	72,837	15,296	12,590	15,419	116,142	–	116,142
Inter segment sales	342	–	–	–	342	(342)	–
Total	73,179	15,296	12,590	15,419	116,484	(342)	116,142
Segment results	9,413	3,055	(692)	239	12,015	–	12,015
Other income							42
Finance costs							(651)
Listing expense							(17,961)
Other expenses							(14,161)
Loss before taxation							(20,716)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment (loss) profit represents the loss incurred/profit earned by each segment without allocation of other income, certain unallocated other gains and losses, finance costs, other expenses (including head office staff costs, rental and other corporate expenses during both years), listing expenses and taxation.

Segment assets and liabilities

	San Xi Lou *HK$'000*	Pure Veggie House *HK$'000*	Pure Veggie House Taipei *HK$'000*	Man Jiang Hong *HK$'000*	Ronin Central *HK$'000*	Ronin Wanchai *HK$'000*	Consolidated *HK$'000*
As at 31 March 2019							
ASSETS							
Segment assets	21,704	990	8,809	14,382	5,180	875	51,940
Unallocated property and equipment							1,208
Deferred tax assets							235
Unallocated prepayments							493
Tax recoverable							1,256
Pledged bank deposits							8,038
Bank balances and cash							1,875
Consolidated total assets							65,045
LIABILITIES							
Segment liabilities	12,212	1,050	1,326	2,233	1,118	1,166	19,105
Unallocated other payables and accruals							10,613
Bank borrowings							23,005
Obligations under finance leases							209
Unallocated provision							50
Deferred tax liabilities							140
Consolidated total liabilities							53,122

	San Xi Lou *HK$'000*	Pure Veggie House *HK$'000*	Ronin Central *HK$'000*	Ronin Wanchai *HK$'000*	Consolidated *HK$'000*
As at 31 March 2018					
ASSETS					
Segment assets	21,433	932	7,268	3,076	32,709
Unallocated property and equipment					50
Deferred tax assets					432
Unallocated prepayments					3,259
Tax recoverable					559
Bank balances and cash					52,127
Consolidated total assets					89,136
LIABILITIES					
Segment liabilities	10,585	912	982	813	13,292
Unallocated other payables and accruals					3,902
Bank borrowings					21,740
Obligation under finance lease					193
Unallocated provision					60
Deferred tax liabilities					109
Consolidated total liabilities					39,296

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

- all assets are allocated to operating and reportable segments, other than certain property and equipment for corporate use, deferred tax assets, unallocated prepayments, tax recoverable, pledged bank deposits and bank balance and cash.
- all liabilities are allocated to operating and reportable segments, other than bank borrowings, obligations under finance leases, certain unallocated other payables and accruals, unallocated provision and deferred tax liabilities.

Other segment information

	San Xi Lou	Pure Veggie House	Pure Veggie House Taipei	Man Jiang Hong	Ronin Central	Ronin Wanchai	Total segment	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2019									
Amounts included in the measure of segment profit (loss) or segment assets:									
Additions of property and equipment	**5,177**	**6**	**7,308**	**10,996**	**133**	**2,874**	**26,494**	**1,276**	**27,770**
Depreciation of property and equipment	**3,820**	**187**	**279**	**1,106**	**2,088**	**1,525**	**9,005**	**82**	**9,087**
Impairment losses on property and equipment recognized in profit or loss	**–**	**–**	**–**	**–**	**49**	**3,383**	**3,432**	**–**	**3,432**
Impairment losses on trade receivables recognized in profit or loss	**474**	**35**	**–**	**–**	**–**	**–**	**509**	**–**	**509**
Loss on disposal of property and equipment recognized in profit or loss	**39**	**–**	**–**	**–**	**–**	**–**	**39**	**36**	**75**

	San Xi Lou	Pure Veggie House	Ronin Central	Ronin Wanchai	Total segment	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2018							
Amounts included in the measure of segment profit (loss) or segment assets:							
Additions of property and equipment	16,045	36	–	24	16,105	–	16,105
Depreciation of property and equipment	2,093	305	2,088	1,187	5,673	14	5,687

Geographical information

The following tables present revenue from external customers for the year and certain non-current assets information as at 31 March 2019, by geographical area.

(a) Revenue from external customers

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**125,673**	116,142
Taiwan	**3,495**	–
	129,168	116,142

The revenue information above is based on the location of goods delivered and services provided for the year.

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**38,041**	30,682
Taiwan	**6,936**	–
	44,977	30,682

The non-current asset information above is based on the physical locations of the assets and excludes deferred tax assets.

Information about major customers

No individual customer accounted for over 10% of the Group's total revenue during each of the year ended 31 March 2019 and 2018.

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
The finance costs represents interest on:		
— Bank borrowings	**845**	638
— Obligations under finance leases	**10**	13
	855	651

6. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current tax	**–**	1,218
Underprovision in prior year	**21**	4
	21	1,222
Deferred taxation charge (credit)	**228**	(44)
	249	1,178

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%.

The income tax expense for the year can be reconciled to the loss before taxation as follows:

	2019	2018
	HK$'000	*HK$'000*
Loss before taxation	**(37,405)**	(20,716)
Tax at the domestic income tax rate	**(6,172)**	(3,418)
Tax effect of expense not deductible for tax purpose	**1,818**	3,232
Tax effect of income not taxable for the tax purpose	**(6)**	–
Underprovision in prior years	**21**	4
Tax effect of tax losses/deductible temporary differences not recognised	**4,723**	1,436
Utilisation of tax losses previously not recognised	**(135)**	(16)
Others	**–**	(60)
Income tax expense	**249**	1,178

7. LOSS FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Depreciation of property and equipment	**9,087**	5,687
Impairment loss recognised in respect of property and equipment	**3,432**	—
Impairment loss recognised on trade receivables	**509**	—
Auditor's remuneration	**520**	850
Staff costs (including directors' emoluments)		
Salaries and other benefits	**51,119**	39,401
Retirement benefits scheme contributions	**2,293**	1,923
	53,412	41,324
Minimum lease payments under operating leases in respect of:		
— land and buildings	**23,226**	18,857
— catering equipment	**584**	304
	23,810	19,161

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during each of the year ended 31 March 2019 and 31 March 2018, nor has any dividend been proposed since the end of the reporting period.

9. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the year attributable to owners of the Company)	**37,654**	21,894
	'000	*'000*
Number of shares:		
Number of shares for the purpose of calculating loss per share	**800,000**	625,753

The number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 March 2018 has been determined on the assumption that the reorganisation and the capitalisation issue has been effective on 1 April 2017.

No diluted loss per share information has been presented for the year ended 31 March 2019 and 2018 as there were no potential ordinary shares outstanding during both years.

10. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**1,999**	1,310
Rental deposits	**7,368**	6,251
Other deposits	**1,023**	1,469
Prepayments and other receivables	**4,465**	3,248
Total	**14,855**	12,278
Analysed for reporting purposes as:		
Non-current assets	**6,838**	7,590
Current assets	**8,017**	4,688
	14,855	12,278

There was no credit period granted to individual customers for the restaurant operations. The Group's trading terms with its customers are mainly by cash and credit card settlement. The settlement terms of credit card companies are usually 7 days after the service rendered date.

However, the Group allows a credit period of 30 days to its VIP members which include certain corporate customers for consumption in the Group's restaurants. The credit period provided to customers can vary based on a number of factors including nature of operations, the Group's relationship with the customer and the customer's credit profile.

No interest is charged on the trade receivables on the outstanding balance.

As at 31 March 2019 and 1 April 2018, trade receivables from contracts with customers amounted to HK$1,999,000 and HK$1,084,000 respectively.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date, which approximated the respective revenue recognition, at the end of the reporting periods.

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**1,955**	996
31 to 60 days	**42**	154
61 to 90 days	**–**	75
Over 90 days	**2**	85
	1,999	1,310

As at 31 March 2019, included in the Group's trade receivables balance, are debtors with aggregate carrying amount of HK$44,000 which are past due as at the reporting date. Out of the past due balances, HK$44,000 has been past due 30 days or more and is not considered as in default as these balances are mainly due from customers of good credit quality. The Group does not hold any collateral over the balances.

As at 31 March 2018, major debtors comprising the Group's trade receivables that are neither past due nor impaired have no default history and of good credit quality.

As at 31 March 2018, included in the Group's trade receivable balances are debtors with a carrying amount of HK$314,000 which are past due for over 30 days as at 31 March 2018 for which the Group has not provided for impairment loss as these balances are mainly due from customers with good credit.

Aging of trade receivables which are past due but not impaired

	2019	2018
	HK$'000	*HK$'000*
Overdue:		
0 to 30 days	**42**	154
31 to 60 days	**–**	75
Over 60 days	**2**	85
	44	314

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	HK$'000
Balance at 31 March 2018	–
Effect of adoption of HKFRS 9	226
Balance at 1 April 2018	226
Impairment losses recognized	509
Write-offs	(735)
Balance at 31 March 2019	–

As at 31 March 2019 and 31 March 2018, other receivables of the Group are neither past due nor impaired and they have no default history and there are continuous subsequent settlements.

Included in rental deposits of HK$600,000 (2018: HK$600,000) represented the deposits made to Charm Region Limited, a company wholly-owned by Mr. KY Chuk and Mr. Steve Chuk, for the lease of a restaurant as at 31 March 2019.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**5,149**	3,526
Salaries payables	**5,330**	4,073
Accruals and other payables	**7,670**	4,435
Payables for purchases of property and equipment	**2,587**	1,675
Payables for professional fees for the purpose of listing expenses	**–**	2,585
	20,736	16,294

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**3,180**	2,563
31–60 days	**1,412**	829
61–90 days	**300**	109
Over 90 days	**257**	25
	5,149	3,526

12. BANK BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Bank overdrafts	**2,155**	21,740
Bank loans	**20,850**	–
	23,005	21,740

	2019	2018
	HK$'000	*HK$'000*
Carrying amount (shown under current liabilities) that contains a repayment on demand clause based on scheduled repayment terms:		
— Within one year	**23,005**	21,740
	23,005	21,740

The bank loans are at floating rate which carry interest at HK$ Best Lending Rate plus or minus a spread or Hong Kong Interbank Offered Rate ("HIBOR") plus 2.5%. The effective interest rate on the Group's bank loans ranged from 3.38% to 5.13% and 2.00% to 5.50% per annum as at 31 March 2019 and 2018, respectively.

Bank overdrafts carry interest at market rates which range from 4.38% to 6.38% per annum.

As at 31 March 2019, bank borrowings of HK$7,425,000 are secured by the pledged bank deposits.

Bank borrowings of HK$15,580,000 and HK$21,740,000 are unsecured and guaranteed by a group entity as at 31 March 2019 and 2018 respectively.

The Group's borrowings that were denominated in New Taiwan dollars ("NT$") of the relevant group entities were re-translated in HK$ and stated for reporting purposes as:

	2019	2018
	HK$'000	*HK$'000*
— NT$	**1,525**	–

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong based restaurant group that offers Sichuanese and Cantonese, fusion vegetarian and Japanese cuisines under the "San Xi Lou (三希樓)", "Pure Veggie House (心齋)", "Man Jiang Hong (滿江紅)" and "Ronin (浪人)" brands, respectively. The Group's revenue for the year ended 31 March 2019 was primarily derived from catering income through its restaurants.

For the year ended 31 March 2019, the Group recorded an increase in revenue of approximately HK$13.1 million, representing an increase of approximately 11.3%, from approximately HK$116.1 million for the year ended 31 March 2018 to approximately HK$129.2 million for the year ended 31 March 2019. Such increase was mainly due to the inclusion of revenue generated by the Group's new Sichuanese restaurant MJH TST and the Group's second fusion vegetarian restaurant PVH Taipei, which were opened in October 2018 and January 2019 respectively. The two restaurants contributed approximately HK$6.9 million and HK$3.5 million to the Group's revenue respectively. The Group's restaurant under the "San Xi Lou (三希樓)" brand located at Times Square, Causeway Bay ("**SXL Times Square**"), which commenced operations in November 2017, also reflected a full year performance during the year ended 31 March 2019. The restaurants under "**San Xi Lou**" brand contributed an increase by approximately HK$10.2 million to the revenue of the Group.

On 13 February 2018 (the "**Listing Date**"), the Shares were successfully listed on GEM by way of Share Offer. After deducting all the relevant commissions and expenses borne by the Company, there were approximately HK$42.3 million of net proceeds from the Share Offer. The Group will utilise such net proceeds in accordance with the business strategies as set out in the Company's prospectus (the "**Prospectus**") dated 31 January 2018 and our announcement regarding the change of use of proceeds dated 9 October 2018.

FINANCIAL REVIEW

Revenue

The Group's revenue increased to approximately HK$129.2 million for the year ended 31 March 2019 from approximately HK$116.1 million for the year ended 31 March 2018, representing an increase of approximately 11.3%. Such increase in the Group's revenue was mainly attributable to the inclusion of revenue in the amount of approximately HK$6.9 million and HK$3.5 million derived from the Group's two newly set up restaurants, namely MJH TST and PVH Taipei, which were opened in October 2018 and January 2019 respectively. The revenue recorded under the "**San Xi Lou**" brand increased by approximately HK$10.2 million as compared to the year ended 31 March 2018.

Raw materials and consumables used

The raw materials and consumables used increased to approximately HK$45.8 million for the year ended 31 March 2019 from approximately HK$34.7 million for the year ended 31 March 2018, representing an increase of approximately 32.0%. The Directors believed that such increase, mainly due to the raw materials acquired and consumed by the operating of MJH TST and PVH Taipei, in addition to increased use of raw materials in SXL Times Square which was in operation during the year ended 31 March 2019.

Staff costs

The Group's staff costs increased to approximately HK$53.4 million for the year ended 31 March 2019 from approximately HK$41.3 million for the year ended 31 March 2018, representing an increase of approximately 29.3%. Such increase in the Group's staff costs was mainly attributable to complete year effect by SXL Times Square and the additional staff employed for MJH TST and PVH Taipei, of which salaries and other benefits payable of approximately HK$4.8 million was incurred by the two new restaurants. The additional directors' emolument also increased the staff costs incurred after the listing of the Company's Shares.

Depreciation

The Group's depreciation increased to approximately HK$9.1 million for the year ended 31 March 2019 from approximately HK$5.7 million for the year ended 31 March 2018, representing an increase of approximately 59.6%. The Group's depreciation increased primarily due to the additional deprecation charge incurred by the Group arising from leasehold improvement of MJH TST, PVH Taipei and the full year effect incurred by SXL Times Square.

Rental and related expenses

Rental and related expenses increased to approximately HK$29.6 million for the year ended 31 March 2019 from approximately HK$23.6 million for the year ended 31 March 2018, representing an increase of approximately 25.4%. Such increase in the Group's rental and related expenses was mainly due to (i) the rental expenses incurred by MJH TST in Tsimshatsui, Hong Kong; (ii) the rental expenses incurred by PVH Taipei in Breeze Nanshan Mall (微風南山) in Taipei; and (iii) the full year rental expenses as incurred by SXL Times Square in Hong Kong.

Utilities expenses

The Group's utilities expenses increased to approximately HK$8.7 million for the year ended 31 March 2019 from approximately HK$5.3 million for the year ended 31 March 2018, representing an increase of approximately 64.2%. The Group's utilities expenses increased primarily due to the additional water, gas and electricity charges incurred by the Group arising from MJH TST, PVH Taipei and SXL Times Square.

Other expenses

Other expenses increased to approximately HK$15.2 million for the year ended 31 March 2019 from approximately HK$7.7 million for the year ended 31 March 2018, representing an increase of approximately 97.4%. The main reason for the increase were the increase in legal and professional fee incurred after listing and additional miscellaneous charges incurred by the Group arising from MJH TST, PVH Taipei and SXL Times Square.

Loss and total comprehensive expense

The loss and total comprehensive expense for the year ended 31 March 2018 of approximately HK$21.9 million increased to approximately HK$37.7 million for the year ended 31 March 2019. The increase in loss of approximately HK$15.8 million was mainly attributable to a combination of those factors discussed above.

Basic loss per share

The Group's basic loss per share increased to approximately 4.7 HK cents for the year ended 31 March 2019 from approximately 3.5 HK cents for the year ended 31 March 2018, representing an increase of approximately 1.2 HK cents. Such change was in line with the increase in loss and total comprehensive expense for the year ended 31 March 2019.

USE OF PROCEEDS

The Shares have been successfully listed on GEM on the Listing Date. The actual net proceeds from the Share Offer, after deducting commissions and expenses borne by the Company in connection with the Share Offer, were approximately HK$42.3 million (the "**Actual Net Proceeds**"), which were lower than the estimated figure as stated in the Prospectus. Thus, the Company plans to apply the Actual Net Proceeds on the same business strategic plans as stated in the Prospectus for the period from the Listing Date to 31 March 2020 (the "**Period**") but with monetary adjustments to each business strategic plan on a pro-rata basis.

On 9 October 2018, the Board had resolved that (i) a part of the Net Proceeds that was originally intended for the establishment of a central kitchen will be applied towards paying the set-up costs of MJH TST, and (ii) the Net Proceeds that was originally intended for the establishment of a new restaurant under the "Pure Veggie House (心齋)" brand in Kowloon will be applied towards PVH Taipei. Details of the change in use of proceed can be referred to the announcement dated 9 October 2018.

The table below sets out the adjusted allocation and the actual usage of the Actual Net Proceeds as at 31 March 2019.

	Adjusted allocation of the Actual Net Proceeds *HK$ (million)*	**Actual usage of the Actual Net Proceeds as at 31 March 2019** *HK$ (million)*
Business strategies as set out in the Prospectus and announcement regarding change in use of proceeds		
Establishing a central kitchen	6.0	Nil
Renovating our premises and upgrading our equipment	10.7	10.0
Establishing MJH TST	10.0	10.0
Establishing PVH Taipei	8.9	7.8
Repayment of utilised banking facility	3.6	3.6
Strengthen our marketing effects	1.0	1.0
Upgrading our information system	0.9	0.2
General working capital	1.2	1.2
	42.3	33.8

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group has total assets of approximately HK$65.0 million (2018: approximately HK$89.1 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK$53.1 million (2018: approximately HK$39.3 million) and approximately HK$11.9 million (2018: approximately HK$49.8 million), respectively. The current ratio as at 31 March 2019 of the Group was approximately 0.5 times (2018: approximately 1.5 times).

The net cash used in operating activities of approximately HK$23.1 million. As at 31 March 2019, the Group had bank balances and cash of approximately HK$1.9 million (2018: approximately HK$52.1 million). The total interest-bearing loan of the Group as at 31 March 2019 was approximately HK$23.0 million (2018: approximately HK$21.7 million). The gearing ratio (calculated based on interest bearing loan and the obligation under finance lease divided by total equity) of the Group as at 31 March 2019 was approximately 1.9 times (2018: approximately 0.4 times).

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong and Taiwan with majority of the transactions being settled in Hong Kong dollars and New Taiwan dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The transactions and monetary assets denominated in Renminbi are minimal for the two years ended 31 March 2018 and 2019, the Group considers there were no significant foreign exchange risks in respect of Renminbi for both years.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM on the Listing Date. These has been no changes in the capital structure of the Group since then. The share capital of the Group comprises only ordinary shares.

As at 31 March 2019, the Company issued share capital was HK$8,000,000 divided into 800,000,000 Shares of HK$0.01 each.

BORROWINGS

As at 31 March 2019, the total borrowings of the Group, were denominated in Hong Kong dollars and New Taiwan dollars, amounted to approximately HK$21.5 million and HK$1.5 million respectively (2018: approximately HK$21.7 million were denominated in Hong Kong dollars) and borne floating interest rates from 3.4% to 6.4% per annum as at 31 March 2019. No financial instrument was being used for interest rate hedging purpose.

The Group had HK$8.1 million unsecured and interest-free amounts due to directors as at 31 March 2019 (2018: Nil).

PLEDGE OF ASSETS

As at 31 March 2019, the Group's obligation under a finance lease was secured by the lessor's title to the leased asset, which had a carrying amount of approximately HK$0.2 million (2018: approximately HK$0.2 million).

As at 31 March 2019, pledged bank deposits held by the Group amounted to approximately HK$8.0 million (2018: Nil) represent fixed deposits pledged to bank as security of bank borrowings amounted to approximately HK$7.4 million.

COMMITMENTS

The Group was committed to make future minimum lease payments under non-cancellable operating leases. The Group's operating lease commitments amounted to approximately HK$52.4 million as at 31 March 2019 (2018: approximately HK$42.3 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

Save for the reorganisation of the Group in preparation for the Listing, the Group did not have any material acquisition nor disposal of subsidiaries, associates or joint ventures during the two years ended 31 March 2018 and 2019.

CONTINGENT LIABILITIES

As at 31 March 2018 and 31 March 2019, the Group did not have significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2018 and 31 March 2019, the Group did not have any significant capital commitments.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2019.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP AND PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this announcement, the Group did not hold any significant investments as at 31 March 2018 and 2019 or have other plans for material investments and capital assets as at the date of this announcement.

PROSPECT

In view of the keen competition of Japanese cuisine in the neighborhood, the Group has ceased the operation of Ronin Central in May 2019. Alternatively, as the tenancy agreement of PVH Central situated in Coda Plaza is to be expired by end of June 2019, the Group has decided to relocate PVH Central to the premise where Ronin Central was located. The new PVH Central is under renovation and is expected to reopen in August 2019. The Group is in the view that the reallocation of the restaurant would be beneficial to the Group, in the view that the competition of vegetarian cuisine would be relatively less keen over that location and a brand new environment could maintain existing customers and to attract potential customers. The Group is optimistic to the performance to be brought by the reallocation of the restaurant.

The Group intends to carry out the above reallocation plans by a combination of its internal funding and also by bank borrowings (where required).

The Group hopes to bring its top standard cuisine to wide range of customer and as such is actively exploring opportunities in expanding its restaurant network and is also looking at the possibility of expanding its geographical coverage.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on principles and code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (the "**Corporate Governance Code**"). Except for the deviation from code provision A.2.1 of the Corporate Governance Code, the Company's corporate governance practices comply with the Corporate Governance Code throughout the year ended 31 March 2019.

Code provision A.2.1 of the Corporate Governance Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Stanley Chuk is the chairman and the chief executive officer of the Company. In view of Mr. Stanley Chuk being a founder of the Group and has been operating the main operating subsidiaries of the Company, the Board believes that it is in the best interest of the Group to have Mr. Stanley Chuk taking up both roles for effective operational management and strategic business development. Further, the Board believes that both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Stanley Chuk is the most suitable person to occupy both positions for the Group and facilitating the implementation and execution of the Group's business strategy as disclosed in the Prospectus. Therefore, the Directors consider that the deviation from code provision A.2.1 of the Corporate Governance Code is appropriate, and Mr. Stanley Chuk being the chairman and the chief executive officer can preserve and enhance the philosophies of the Group, preserve the leadership direction of the Group, and allow an efficient discharge of the executive functions of the chief executive as the decision maker. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises individuals with diverse professional backgrounds and experiences including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

Further information on the Group's corporate governance practices will be set out in the Corporate Governance Report contained in the Group's annual report for the year ended 31 March 2019, which will be sent to the Shareholders in due course.

EMPLOYEES AND REMUNERATION POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

As at 31 March 2019, the total number of full time and casual or part time employees of the Group was 241 (2018: 229). Total staff costs (including Directors' emoluments) were approximately HK$53.4 million for the year ended 31 March 2019 (2018: approximately HK$41.3 million).

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. The Group continues to offer competitive remuneration packages and bonus to eligible staff, based on the performance of the Group and the individual employee.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, CLC International Limited ("**CLC**"), except for the compliance adviser agreement entered into between the Company and CLC dated 30 January 2018, neither CLC nor its directors, employees or close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 March 2019, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) had engaged in or had any interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

REQUIRED STANDARD OF DEALINGS FOR SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings during the year ended 31 March 2019.

The Company has also adopted its own code of conduct regarding employees' securities transactions with reference to the required standard of dealings for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT AND RISK MANAGEMENT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

Pursuant to the requirements of the Corporate Governance Code and the GEM Listing Rules, the Company has established an audit and risk management committee (the "**Audit and Risk Management Committee**") that comprises three independent non-executive Directors, namely Ms. Chian Yat Ping (the chairman of the Audit and Risk Management Committee), Mr. Yew Tak Yun, Paul and Mr. Chan Kwok Ki, Stephen.

The Audit and Risk Management Committee has reviewed the Group's consolidated financial statements and annual results for the year ended 31 March 2019. The Audit and Risk Management Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, the GEM Listing Rules and the statutory provisions, and sufficient disclosures have already been made.

Messrs. Deloitte Touche Tohmatsu has reported on the consolidated financial statements of the Company for the year ended 31 March 2018 and D & PARTNERS CPA LIMITED has reported on the consolidated financial statements of the Company for the year ended 31 March 2019.

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, D & PARTNERS CPA LIMITED, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by D & PARTNERS CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by D & PARTNERS CPA LIMITED on the preliminary announcement.

SUBSEQUENT EVENT

On 22 May 2019, the Company and the placing agent entered into a placing agreement for the placees to subscribe for the Bonds in an aggregate principal amount of HK$30,000,000 at 10% interest per annum within the six months placing period. Up to the date of this announcement, HK$2,000,000 has been successfully subscribed by the bond investors.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 March 2019 and up to the date of this announcement.

ANNUAL GENERAL MEETING

The notice of the forthcoming annual general meeting of the Company will be published and dispatched to the Shareholders in the manner specified in the GEM Listing Rules in due course.

COMMUNICATION WITH SHAREHOLDERS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at topstandard.com.hk, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

APPRECIATION

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, business partners, and shareholders for their persistent support, while also expressing my appreciation to the management team and employees for their valuable contribution to the development of the Group.

By order of the Board of
Top Standard Corporation
Chuk Stanley
Chairman and Executive Director

Hong Kong, 26 June 2019

As at the date of this announcement, the executive Directors are Mr. Chuk Stanley, Mr. Lam Ka Wong, Johnson and Mr. Chuk Kin Yuen, and the independent non-executive Directors are Ms. Chian Yat Ping, Mr. Yew Tak Yun, Paul and Mr. Chan Kwok Ki, Stephen.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at topstandard.com.hk.