CBK Holdings Limited
國茂控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8428)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE

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

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

This announcement, for which the directors (the "Directors") of CBK Holdings 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 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.

HIGHLIGHTS

The Company and its subsidiaries (collectively referred to as the "Group") recorded a revenue of HK$134.8 million for the year ended 31 March 2017 (2016: HK$134.3 million).

The Group recorded a loss for the year ended 31 March 2017 of HK$8.1 million (2016: profit HK$8.2 million), which was mainly due to the non-recurring listing expenses of HK$14.9 million.

Loss attributable to owners of our Company for the year ended 31 March 2017 was HK$8.3 million (2016: profit HK$8.2 million).

Basic and diluted loss per share was 0.88 HK cents (2016: earnings 0.91 HK cents).

The board of directors (the "Board") does not recommend the payment of a final dividend for the year ended 31 March 2017.

ANNUAL RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2017, together with the audited comparative figures for the year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	5	**134,758**	134,296
Cost of inventories sold		**(48,629)**	(46,900)
Gross profit		**86,129**	87,396
Other revenue and other income	6	**1,590**	1,756
Staff costs		**(38,500)**	(41,418)
Depreciation of property, plant and equipment		**(2,887)**	(2,584)
Property rentals and related expenses		**(20,857)**	(19,279)
Fuel and utility expenses		**(4,326)**	(4,439)
Administrative expenses		**(27,294)**	(11,856)
(Loss)/profit before tax	7	**(6,145)**	9,576
Income tax expenses	8	**(1,912)**	(1,420)
(Loss)/profit and total comprehensive (loss)/income for the year		**(8,057)**	8,156
(Loss)/profit and total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(8,256)**	8,200
Non-controlling interests		**199**	(44)
		(8,057)	8,156
(Loss)/earnings per share			
Basic and diluted (HK cents)	10	**(0.88)**	0.91

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**7,356**	5,883
Deferred tax assets		**820**	611
Non-current deposits and prepayment	*12*	**3,725**	3,554
		11,901	10,048
Current assets			
Inventories		**245**	205
Trade receivables	*11*	**508**	145
Deposits, prepayments and other receivables	*12*	**5,536**	6,118
Prepaid tax		**611**	183
Amount due from a director		**–**	540
Amount due from a shareholder		**–**	7,770
Amounts due from related companies		**–**	1,623
Amount due from ultimate holding company		**33**	–
Cash and bank balances		**84,422**	25,686
		91,355	42,270
Current liabilities			
Amounts due to non-controlling interests		**–**	1,436
Trade payables	*13*	**2,075**	2,025
Accruals and other payables	*14*	**9,829**	5,469
Tax payables		**598**	656
		12,502	9,586
Net current assets		**78,853**	32,684
Net assets		**90,754**	42,732
Capital and reserves			
Share capital		**12,000**	706
Reserves		**78,754**	42,066
Equity attributable to owners of the Company		**90,754**	42,772
Non-controlling interests		**–**	(40)
Total equity		**90,754**	42,732

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company						
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Merger reserve** *HK$'000* *(note a)*	**Retained earnings** *HK$'000*	**Sub-total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1 April 2015	700	–	–	33,866	34,566	–	34,566
Profit and total comprehensive income for the year	–	–	–	8,200	8,200	(44)	8,156
Capital injection into a newly incorporated subsidiary	6	–	–	–	6	4	10
At 31 March 2016 and at 1 April 2016	706	–	–	42,066	42,772	(40)	42,732
(Loss)/profit and total comprehensive (loss)/income for the year	–	–	–	(8,256)	(8,256)	199	(8,057)
Capital injection into a newly incorporated subsidiary	10	–	–	–	10	–	10
Effect of reorganisation	(587)	–	591	155	159	(159)	–
Capitalisation issue	8,871	(8,871)	–	–	–	–	–
Issue of shares by way of placing	3,000	72,000	–	–	75,000	–	75,000
Share issuing expenses	–	(6,931)	–	–	(6,931)	–	(6,931)
Dividend paid *(note 9)*	–	–	–	(12,000)	(12,000)	–	(12,000)
At 31 March 2017	**12,000**	**56,198**	**591**	**21,965**	**90,754**	**–**	**90,754**

Note:

(a) The merger reserve represents the difference between the nominal value of the share capital of the subsidiaries acquired as a result of the reorganisation (the "Reorganisation") as fully explained in the paragraph headed "Reorganisation" in the section headed "History and Development" of the prospectus of the Company dated 27 January 2017 (the "Prospectus") and the nominal value of the share capital of the Company issued in exchange thereof.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND REORGANISATION

(a) General information

The Company is incorporated in the Cayman Islands on 8 September 2016 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its ultimate holding company is Sure Wonder Investments Limited ("Sure Wonder"), a company incorporated in the British Virgin Islands ("BVI") and owned by Ms. Wong Wai Fong ("Ms. Wong"), Mr. Kwok Yiu Chung ("Mr. Kwok"), Mr. Tam Wai Shing ("Mr. Tam"), Ms. Yang Dongxiang ("Ms. Yang") and Mr. Hui Chun Wah ("Mr. Hui") (collectively referred to as the "Controlling Shareholders"). The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Workshop B2, 5/F, High Fashion Centre, 1–11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong.

The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 February 2017 (the "Listing Date").

The principal activity of the Company is investment holding. The principal activity of the Group is the provision of catering services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollar ("HK$") which is the same as the functional currency of the Company, and all values are rounded to the nearest thousands (HK$'000), unless otherwise stated.

(b) Reorganisation

Pursuant to the reorganisation (the "Reorganisation") as fully explained in the paragraph headed "Reorganisation" in the section headed "History and Development" of the prospectus of the Company dated 27 January 2017 (the "Prospectus"), the Company became the holding company of the companies now comprising the Group on 14 October 2016. Immediately prior to and after the Reorganisation, the companies now comprising the Group was controlled by the Controlling Shareholders. The Reorganisation is merely a reorganisation of the companies now comprising the Group with no change in management of such business and the ultimate owner of the business. Accordingly, the consolidated financial statements have been prepared by applying the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), as if the Reorganisation has been completed at the beginning of the reporting period.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows include the results and cash flows of the companies now comprising the Group have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the reporting period or since their respective date of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group at 31 March 2016 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Reorganisation had been in existence as at those dates, taking into account the respective dates of incorporation.

All intra-group transactions and balances have been eliminated.

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

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (collectively referred to as the "new and amendments to HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning from 1 April 2016. A summary of the new and amendments to HKFRSs applied by the Group is set out as follows:

HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Method of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interest in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

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 financial position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKAS 40 (Amendments)	Investment Property[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle[5]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017 or 2018, as appropriate.

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

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 which is relevant to the Group is in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company have reviewed the Group's financial assets at 31 March 2017 and anticipate that the application of HKFRS 9 in the future may result in early recognition of credit losses based on expected loss model in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a resonable estimate of the financial effect until the directors of the Company complete a detailed review.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity 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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, it is not practicable to provide a resonable estimate of the financial effect until the directors of the Company complete a detailed review.

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

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. 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 remeasurement of 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. Under the 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.

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2017, the Group has non-cancellable operating lease commitments of approximately HK$57,636,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16 and hence 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 upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Except as disclosed above, the directors of the Company do not anticipated that the application of other new and amendments to HKFRSs will have material impact on the Group's financial performance and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and related interpretations issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosure requirements by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

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 these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, 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 or value in use in HKAS 36.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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. SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through a chain of hotpot specialty restaurants in Hong Kong. Information reported to the Group's management for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no additional reportable segment and geographical information have been presented.

5. REVENUE

	2017 *HK$'000*	2016 *HK$'000*
Restaurants operations	**134,758**	134,296

6. OTHER REVENUE AND OTHER INCOME

	2017 *HK$'000*	2016 *HK$'000*
Promotion income	**900**	900
Bank interest income	**2**	2
Tips income	**338**	427
Others	**350**	427
	1,590	1,756

7. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging:

	2017 *HK$'000*	2016 *HK$'000*
Auditors' remuneration *(note)*:		
— audit services		
• HLB Hodgson Impey Cheng Limited	**800**	–
• other auditors	**67**	277
— non-audit services	**124**	–
	991	277
Cost of inventories sold	**48,629**	46,900
Depreciation of property, plant and equipment	**2,887**	2,584
Loss on written-off of property, plant and equipment	**115**	24
Listing expenses	**14,872**	–
Minimum lease payments under operating lease in respect of restaurants and office premises	**19,074**	17,805
Employee benefit expenses (excluding directors' and chief executive's remuneration)*:*		
— Salaries and allowances	**33,670**	35,093
— Staff benefits	**416**	540
— Retirement benefit scheme contributions	**1,516**	1,557
	35,602	37,190

Note: Exclude services for the listing of the Company.

8. INCOME TAX EXPENSES

	2017	2016
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Charge for the year	**2,117**	1,937
Under provision in prior years	**4**	–
Deferred tax credit	**(209)**	(517)
	1,912	1,420

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

9. DIVIDEND

Prior to the Reorganisation, the Company's subsidiaries had declared and paid dividend to the shareholders during the reporting period was as follows:

	2017	2016
	HK$'000	*HK$'000*
Interim dividend	**12,000**	–

The interim dividend of HK$12,000,000 was paid in October 2016.

No final dividend has been paid or proposed by the Company since its incorporation. The Board does not recommend the payment of final dividend for the year ended 31 March 2017.

10. (LOSS)/EARNINGS PER SHARE

The computations of basic and diluted (loss)/earnings per share attributable to owners of the Company are based on the following data:

	2017	2016
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share ((loss)/profit for the year attributable to owners of the Company)	**(8,256)**	8,200

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	**936,986**	900,000

The calculation of basic (loss)/earnings per share for the years ended 31 March 2017 and 2016 is based on the (loss)/profit for the year attributable to the owners of the Company and the weighted average number of shares for the reporting period.

For the year ended 31 March 2017, the weighted average number of ordinary shares for the purpose of calculating basic loss per share have been adjusted for the effect of placing completed on 15 February 2017.

10. (LOSS)/EARNINGS PER SHARE (continued)

For the year ended 31 March 2016, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share is calculated based on the assumption that 900,000,000 ordinary shares had been in issue, comprising 12,907,340 ordinary shares in issue and 887,092,660 ordinary shares to be issued pursuant to the capitalisation issue as detailed in the sub-section headed "Share Capital" set out in the Prospectus as if the shares had been outstanding throughout the period.

Diluted (loss)/earnings per share were same as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares in issue.

11. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**508**	145

There was no credit period granted to individual customer for the restaurant operation. 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 within 7 days after the service rendered date.

The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. The Group does not hold any collateral or other credit enhancement over its trade receivables balances.

The following is an aging analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**508**	145

Trade receivables are neither past due nor impaired, with good credit quality and have no default of payment in the past.

12. NON-CURRENT AND CURRENT DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Non-current portion

	2017	2016
	HK$'000	*HK$'000*
Rental deposit	**3,725**	2,200
Prepayment for acquisition of property, plant and equipment	**–**	1,354
	3,725	3,554

12. NON-CURRENT AND CURRENT DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (continued)

Current portion

	2017	2016
	HK$'000	*HK$'000*
Rental deposit	**2,359**	2,654
Utility and other deposits	**1,504**	1,605
Prepayments	**1,116**	775
Other receivables	**557**	1,084
	5,536	6,118

13. TRADE PAYABLES

The following is aging analysis of trade payable presented based on the invoice dates:

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**2,075**	2,025

The average credit period granted by suppliers are usually within 30 days.

14. ACCRUALS AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Accruals	**9,167**	4,907
Other payables	**662**	562
	9,829	5,469

Accruals mainly comprise with accrued listing fee, staff costs, utilities expenses and other expenses for auxiliary services.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The slowdown in global economy and the slowing economic growth in the People's Republic of China in 2016 added uncertainties to the Hong Kong economy. The domestic retail market remained sluggish throughout the year. Despite the economic downturn, the food and beverage industry continued to face shortage of manpower, the pressure of rising costs in rent, labour and food ingredients while the competition in the industry remained intense.

BUSINESS OVERVIEW

For the year ended 31 March 2017, the Group operated nine restaurants in Hong Kong under the brands of "Calf Bone King (小肥牛火鍋活魚專門店)", "Beefy HotPot (小肥牛火鍋大排檔)", "Calf Bone King Steam Pot (小肥牛蒸氣石鍋火鍋專門店)" and "CBK Prince Club (小肥牛太子會)".

We generated our revenue substantially from restaurant operations in Hong Kong for the year ended 31 March 2017. Our revenue from restaurant operations during the year ended 31 March 2017 was generated from sales of food and beverages at our hotpot restaurants in Hong Kong.

During the year ended 31 March 2017, (i) Kwai Chung restaurant was closed for renovation from March to early April 2016 and reopened on 12 April 2016 as "Calf Bone King Steam Pot (小肥牛蒸氣石鍋火鍋專門店); (ii) Yau Ma Tei restaurant commenced operation in May 2016; and (iii) Cheung Sha Wan restaurant and Yuen Long restaurant ceased operation in July 2016 and October 2016, respectively.

Our revenue remained relatively stable at HK$134.8 million (2016: HK$134.3 million) for the year ended 31 March 2017.

FUTURE PROSPECTS

Looking forward, the catering industry is still full of challenges. Nevertheless, we will embrace these challenges by implementing proactive marketing strategies, investing more resources for product development and reinforcing on cost control measures. The Group will also conduct feasibility studies to identify new business opportunities regarding innovative recipes and contemporary cuisine services.

Based on our success, we remain optimistic about the Group's future development. We intend to execute our development plan as set forth in the Prospectus carefully and prudently for the purpose of bring a desirable return to our shareholders and facilitating the long-term growth of the business of the Group.

FINANCIAL REVIEW

Revenue

Our revenue remained relatively stable at HK$134.8 million (2016: HK$134.3 million) for the year ended 31 March 2017.

Cost of inventories sold

Our cost of inventories sold increased by HK$1.7 million to HK$48.6 million (2016: HK$46.9 million) for the year ended 31 March 2017, which was primarily due to the increase in the prices of food and beverages used in our operations.

Gross profit

As a result of the increase in the prices of food and beverages, our gross profit decreased by HK$1.3 million to HK$86.1 million (2016: HK$87.4 million) for the year ended 31 March 2017.

Other revenue and other income

Our other revenue and other income remained relatively stable at HK$1.6 million (2016: HK$1.8 million) for the year ended 31 March 2017.

Staff costs

Our staff costs decreased by HK$2.9 million to HK$38.5 million (2016: HK$41.4 million) for the year ended 31 March 2017. The decrease in staff costs was mainly due to lower number of staff employed by the Group as well as a reduction of employee benefits paid to the Directors and chief executive during the year.

Depreciation of property, plant and equipment

Our depreciation of property, plant and equipment increased by HK$0.3 million to HK$2.9 million (2016: HK$2.6 million) for the year ended 31 March 2017. The increase was primarily due to the additional depreciation charged for Yau Ma Tei restaurant, which was opened in May 2016.

Property rentals and related expenses

Our property rentals and related expenses increased by HK$1.6 million to HK$20.9 million (2016: HK$19.3 million) for the year ended 31 March 2017. The increase was primarily due to the opening of Yau Ma Tei restaurant in May 2016 and the increase in rent of Prince Edward restaurant during the year.

Fuel and utility expenses

Our fuel and utility expenses remained relatively stable at HK$4.3 million (2016: HK$4.4 million) for the year ended 31 March 2017.

Administrative expenses

Our administrative expenses increased by HK$15.4 million to HK$27.3 million (2016: HK$11.9 million) for the year ended 31 March 2017. The increase in administrative expenses was mainly due to the occurrence in listing expenses of HK$14.9 million, which was non-recurring in nature during the year ended 31 March 2017.

(Loss)/profit before tax

As a result of the foregoing, the Group recorded a loss before tax of HK$6.1 million (2016: profit HK$9.6 million) for the year ended 31 March 2017, which was mainly due to the non-recurring listing expenses of HK$14.9 million incurred during the year.

Income tax expenses

Our income tax expenses increased by HK$0.5 million to HK$1.9 million (2016: HK$1.4 million) for the year ended 31 March 2017.

(Loss)/profit and total comprehensive (loss)/income for the year attributable to owners of our Company and net (loss)/profit margin

As a result of the cumulative effect of the above factors, the Group had loss and total comprehensive loss for the year attributable to owners of our Company of HK$8.3 million (2016: profit HK$8.2 million) for the year ended 31 March 2017. The loss and total comprehensive loss attributable to owners of our Company for the year ended 31 March 2017 was primarily attributable to the listing expenses amounting to HK$14.9 million for the year. If we excluded the non-recurring listing expenses from our results, we would have recorded profit and total comprehensive income attributable to owners of our Company of HK$6.6 million for the year ended 31 March 2017.

If we excluded the non-recurring listing expenses, our net profit margin decreased to 5.1% (2016: 6.1%) for the year ended 31 March 2017. The decrease in our net profit margin was mainly due to (i) the increase in our cost of inventories sold; and (ii) the increase in our property, rentals and related expenses.

RESULTS OF FINANCIAL POSITION

The Group's total assets increased by HK$51.0 million to HK$103.3 million (2016: HK$52.3 million) as at 31 March 2017.

The Group's total liabilities increased by HK$2.9 million to HK$12.5 million (2016: HK$9.6 million) as at 31 March 2017.

The equity attributable to owners of our Company increased by HK$48.0 million to HK$90.8 million (2016: HK$42.8 million) as at 31 March 2017.

FOREIGN CURRENCY EXPOSURE

Most of the transactions of the Group are denominated in Hong Kong dollars and the Group is not exposed to significant foreign exchange exposure.

CAPITAL COMMITMENTS

As at 31 March 2017, the Group did not have any material capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 March 2017, the Group did not have any mortgage or charge over its assets.

EVENTS AFTER REPORTING DATE

There are no material subsequent events undertaken by the Company or by the Group after the reporting period.

AUDIT COMMITTEE

The Company established an audit committee on 20 January 2017 with written terms of reference in compliance with the GEM Listing Rules and the provisions of the Corporate Governance Code (the "CG Code").

The audit committee currently consists of three independent non-executive Directors namely Mr. Chan Hoi Kuen Matthew, Mr. Chung Wing Yin and Mr. Law Yui Lun. The chairman of the audit committee is Mr. Law Yui Lun, who has appropriate professional qualifications and experience in accounting matters.

The Audit Committee has reviewed this announcement and the audited consolidated results of the Group for the year ended 31 March 2017 and the effectiveness of the internal control system.

CORPORATE GOVERNANCE CODE

For the year ended 31 March 2017, the Directors consider that the Company has complied with the code provisions set out in the CG Code as set out in Appendix 15 to the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that the Directors have complied with such required standard of dealings and the Company's code of conduct regarding Directors' securities transactions from the Listing Date and up to the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The issued shares of the Company were listed on the GEM of the Stock Exchange on the Listing Date. Neither the Company nor any of its subsidiary has purchased, sold or redeemed any listed securities of the Company after the Listing Date and up to 31 March 2017.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A separate environmental, social and governance report is expected to be published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.cbk.com.hk) no later than three months after the annual report has been published.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement will be published on the respective websites of the Stock Exchange and the Company. The annual report for the reporting period containing all the information required by the GEM Listing Rules will be published on the websites of the Stock Exchange and the Company, and despatched to the Company's shareholders in due course.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REIGSTER OF MEMBERS

The forthcoming annual general meeting ("AGM") of the Company will be held on Friday, 15 September 2017 at Workshop B2, 5/F, High Fashion Centre, 1-11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong. For the purpose of determining entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Monday, 11 September 2017 to Friday, 15 September 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00p.m. on Friday, 8 September 2017.

By order of the Board
CBK Holdings Limited
WONG Wai Fong
Chairman and Executive Director

Hong Kong, 23 June 2017

As at the date of this announcement, the chairman and the executive Director of the Company is Ms. WONG Wai Fong, the executive Director of the Company is Mr. CHAN Lap Ping; and the independent non-executive Directors of the Company are Mr. CHAN Hoi Kuen Matthew, Mr. CHUNG Wing Yin and Mr. LAW Yui Lun.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.cbk.com.hk.