FOOD WISE HOLDINGS LIMITED
膳源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1632)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Food Wise Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") announces the consolidated results of the Group for the year ended 31 March 2018, together with the comparative figures for the year ended 31 March 2017, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	*3*	**193,532**	189,830
Other income and gains	*4*	**357**	280
Cost of food and beverages		**(46,336)**	(44,066)
Staff costs		**(62,702)**	(57,121)
Depreciation and amortisation		**(9,643)**	(7,550)
Property rentals and related expenses		**(55,005)**	(51,382)
Fuel and utility expenses		**(6,706)**	(5,737)
Advertising and marketing expenses		**(831)**	(481)
Other operating expenses		**(15,016)**	(12,466)
Listing expenses		**–**	(17,591)
Finance income, net	*5*	**601**	138
Loss before taxation	*6*	**(1,749)**	(6,146)
Income tax credit/(expense)	*7*	**248**	(1,782)
Loss and total comprehensive loss for the year		**(1,501)**	(7,928)
Attributable to:			
Shareholders of the Company		**(1,501)**	(7,928)
Basic and diluted loss per share (HK cents per share)	*9*	**(0.75)**	(4.75)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**24,183**	18,682
Intangible assets		**12**	14
Investment in an associate		**–**	–
Rental and utilities deposits	*11*	**17,205**	15,815
Prepayments for property, plant and equipment	*11*	**1,858**	826
Deferred income tax assets		**4,917**	3,372
		48,175	38,709
CURRENT ASSETS			
Inventories		**1,924**	2,005
Trade receivables	*10*	**1,251**	–
Prepayments, deposits and other receivables	*11*	**7,680**	8,883
Current income tax recoverable		**3,009**	2,103
Restricted cash		**1,114**	2,049
Cash and cash equivalents		**95,761**	108,359
		110,739	123,399
Total assets		**158,914**	162,108
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	*13*	**2,000**	2,000
Other reserves	*14*	**132,943**	134,444
Total equity		**134,943**	136,444

	Note	2018 HK$'000	2017 HK$'000
NON-CURRENT LIABILITIES			
Other payables		**5,446**	3,115
Deferred income tax liabilities		**516**	299
		5,962	3,414
CURRENT LIABILITIES			
Trade payables	*12*	**4,020**	3,857
Other payables and accruals		**12,797**	18,085
Current income tax liabilities		**1,192**	308
		18,009	22,250
Total liabilities		**23,971**	25,664
Total equity and liabilities		**158,914**	162,108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The Company was incorporated in the Cayman Islands on 14 April 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. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the operation of restaurant chains in Hong Kong (the "**Business**").

The Company has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited since 29 November 2016.

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**"), unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Amendments to standards adopted by the Group

The following new standards and amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2017:

HKAS 7 (Amendment)	Disclosure initiative
HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealised Losses
Annual Improvements Project	Annual improvements 2014-2016 Cycle

The adoption of these new standards and amendments to standards did not have any significant impact on the current period or any prior period.

(b) New standards and amendments to standards not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2017 and have not been applied in preparing these consolidated financial statements:

		Effective for annual periods beginning on or after
HKAS 28 (Amendment)	Investments in associates and joint ventures	1 January 2018
HKAS 40 (Amendment)	Transfers of investment property	1 January 2018
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 January 2018
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 4 (Amendment)	Insurance contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 9 (Amendment)	Payment features with negative compensation	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 15 (Amendment)	Clarifications to HKFRS 15	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021

		Effective for annual periods beginning on or after
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration	1 January 2018
HK(IFRIC)-Int 23	Uncertainty over income tax treatments	1 January 2019
Annual Improvements	Annual Improvements 2014-2016 Cycle (amendments)	1 January 2018

HKFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The Group assesses that adopting HKFRS 9 will not have a material impact to the Group's consolidated financial statements.

HKFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations.

The Group assesses that adopting HKFRS 15 will not have a material impact to the Group's consolidated financial statements.

HKFRS 16, 'Leases', addresses the definition of a lease, recognition and measurement of leases. The standard replaces HKAS 17 'Leases' and related interpretations. The Group is a lessee of office premises, various restaurants and warehouses, the leases of which are currently classified as operating leases. The Group had total future minimum lease payments under non-cancellable operating leases, which are not reflected in the consolidated statement of financial position, falling due as follows:

	2018	2017
	HK$'000	*HK$'000*
As lessees		
Within one year	45,124	40,108
In the second to fifth years, inclusive	35,273	48,858
Beyond five years	–	–
	80,397	88,966

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the consolidated statement of financial position. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in right-of-use asset and an increase in financial liability in the consolidated statement of financial position. In the consolidated statement of comprehensive income, leases will be recognised in the future as depreciation and amortisation and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from depreciation and amortisation under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expense will increase. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payment and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flow going forward.

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

There are no other new standards and amendments to standards and interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 Revenue and segment information

The Executive Directors of the Company, who are the chief operating decision-maker of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the Executive Directors of the Company that are used to make strategic decisions.

The Group is principally engaged in the operation of restaurant chains in Hong Kong. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the Executive Directors of the Company regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the Executive Directors for the purpose of resources allocation and performance assessment.

All of the Group's revenue are derived in Hong Kong during the years ended 31 March 2018 and 2017.

As at 31 March 2018 and 2017, all of the non-current assets of the Group are located in Hong Kong.

Revenue, which is also the Group's turnover, represents amounts received and receivable from the operation of restaurants in Hong Kong. An analysis of revenue is as follows:

	2018	2017
	HK$'000	*HK$'000*
Restaurants operation	**193,532**	189,830

4 Other income and gains

	2018	2017
	HK$'000	*HK$'000*
Sales of scrap materials	**75**	59
Sundry income	**282**	221
	357	280

5 Finance income, net

	2018	2017
	HK$'000	*HK$'000*
Interest expense on bank loans wholly repayable within 5 years	**–**	(29)
Interest expense on finance leases	**–**	(3)
Interest income	**601**	170
	601	138

6 Loss before taxation

Loss before taxation is stated after:

	2018	2017
	HK$'000	*HK$'000*
Cost of food and beverages	**46,336**	44,066
Depreciation of property, plant and equipment	**9,641**	7,548
Amortisation of intangible assets	**2**	2
Lease payments under operating leases in respect of land and buildings:		
– Minimum lease payments	**45,813**	42,778
– Contingent rental	**61**	299
	45,874	43,077
Employee benefit expenses (excluding directors' remuneration):		
Wages and salaries	**50,694**	46,742
Discretionary bonuses	**1,837**	1,356
Retirement benefit scheme contributions	**2,363**	2,104
Insurance expense	**1,638**	1,473
Staff welfare	**1,053**	1,247
Provision for unutilised annual leave	**171**	106
Provision for long service payment	**15**	157
	57,771	53,185
Auditors' remuneration		
– Audit services	**1,680**	1,885
– Non-audit services	**641**	839
Foreign exchange differences, net	**(108)**	169
Listing expenses	**–**	17,591

7 Income tax (credit)/expense

Hong Kong profits tax has been provided at a rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year.

The amount of income tax charged to the consolidated statement of comprehensive income represents:

	2018	2017
	HK$'000	*HK$'000*
Hong Kong profits tax		
Current income tax	**1,191**	3,000
Over-provision in prior year	**(111)**	(64)
Deferred income tax	**(1,328)**	(1,154)
	(248)	1,782

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2018	2017
	HK$'000	*HK$'000*
Loss before taxation	**(1,749)**	(6,146)
Calculated at the statutory tax rate of 16.5% (2017: 16.5%)	**(289)**	(1,014)
Income not subject to taxation	**(29)**	(28)
Over-provision in prior year	**(111)**	(64)
Expenses not deductible for taxation purposes	**181**	2,888
Income tax (credit)/expense	**(248)**	1,782

8 Dividends

No dividend has been paid or declared by the Company since its incorporation.

At the board meeting held on 29 June 2018, the directors do not recommend the payment of any final dividend for the year ended 31 March 2018.

9 Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2018	2017
	HK$'000	*HK$'000*
Loss attributable to shareholders of the Company	**(1,501)**	(7,928)
Weighted average number of ordinary shares in issue (thousands) *(Note)*	**200,000**	166,849
Basic loss per share *(HK cents per share)*	**(0.75)**	(4.75)

Note: The weighted average number of shares in issue for the year ended 31 March 2017 for the purpose of loss per share computation has retrospectively adjusted for the effect of the 1 share issued on 14 April 2016 (the date of incorporation), 99 shares issued on 7 November 2016 under the reorganisation in preparation for listing and the 149,999,900 shares issued under the capitalisation issue on 29 November 2016 (Note 13(d)).

(b) Diluted

For the years ended 31 March 2018 and 2017, diluted loss per share equals basic loss per share as there was no dilutive potential share.

10 Trade receivables

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**1,251**	–

Trade receivables represent income receivable from restaurant operations. The credit period granted to trade customers was within 1-15 days.

The aging analysis of the trade receivables based on invoice date was as follows:

	2018	2017
	HK$'000	*HK$'000*
1 to 30 days	**1,251**	–

As at 31 March 2018, the trade receivables were neither past due nor impaired (2017: Nil).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group and the Company do not hold any collateral as security.

The carrying amounts of trade receivables approximate to their fair values as at 31 March 2018 and are denominated in HK$.

11 Prepayments, deposits and other receivables

	2018	2017
	HK$'000	*HK$'000*
Prepayments	**5,176**	3,945
Rental and utilities deposits	**21,541**	21,386
Other receivables	**26**	193
	26,743	25,524
Less: non-current portion		
– Rental and utilities deposits	**(17,205)**	(15,815)
– Prepayments for property, plant and equipment	**(1,858)**	(826)
Current portion	**7,680**	8,883

At 31 March 2018, the balances of deposits and other receivables were neither past due nor impaired. Financial assets included in the above balances relate to receivables for which there was no recent history of default.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group did not hold any collateral as security.

The carrying amounts of prepayments, deposits and other receivables approximate to their fair values as at 31 March 2018 and are denominated in HK$.

12 Trade payables

An aging analysis of the trade payables as at 31 March 2018, based on the invoice date, is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**4,020**	3,857

The trade payables are non-interest bearing with payment terms of 30 days in general.

The carrying amounts of the trade payables approximate to their fair values and are denominated in HK$.

13 Share Capital

	Number of shares	**Nominal value**
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 14 April 2016 (date of incorporation)	38,000,000	380
Increased in authorised share capital *(Note (c))*	962,000,000	9,620
As at 31 March 2017, 1 April 2017 and 31 March 2018	1,000,000,000	10,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 14 April 2016 (date of incorporation) *(Note (a))*	1	–
Shares issued pursuant to the reorganisation *(Note (b))*	99	–
Capitalisation issue of shares *(Note (d))*	149,999,900	1,500
Shares issued pursuant to the global offering *(Note (e))*	50,000,000	500
As at 31 March 2017, 1 April 2017 and 31 March 2018	200,000,000	2,000

Note:

(a) On 14 April 2016, the Company was incorporated in the Cayman Islands with limited liability. On the date of incorporation, 1 share of the Company was allotted and issued at par value of HK$0.01 to a first subscriber which was subsequently transferred to Pioneer Vantage Global Limited on the same day.

(b) On 7 November 2016, the Company acquired all the issued share capital in Prosperity One Limited held by Pioneer Vantage Global Limited and Blaze Forum Limited for a consideration of allotting and issuing 84 and 15 shares in the Company to Pioneer Vantage Global Limited and Blaze Forum Limited, respectively. Since then, the operating subsidiaries became wholly-owned subsidiaries of the Company through Prosperity One Limited and the Company was ultimately owned as to 85% by Mr. Wong Che Kin and 15% by Ms. Wong Chui Ha Iris, respectively.

(c) On 8 November 2016, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 shares of HK$0.01 each by creation of an additional 962,000,000 shares, ranking pari passu in all respects with the then existing shares.

(d) Pursuant to the resolution passed by the shareholders of the Company on 8 November 2016 and conditional upon the share premium account of the Company being credited as a result of the issuance of new shares pursuant to the global offering of the Company's shares, the Directors were authorised to capitalise an amount of HK$1,499,999 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par of 149,999,900 shares for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on 28 November 2016 in proportion to their then shareholdings in the Company so that the shares allotted and issued shall rank pari passu in all respects with the then existing issued shares.

(e) On 29 November 2016, the Company listed its shares on the Main Board of the Stock Exchange of Hong Kong Limited with global offering of 50,000,000 at an issue price of HK$2 per share. The transaction costs attributable to issue of shares amounted to HK$10,030,000.

14 Other reserves

	Share premium	Capital reserve *(Note)*	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	–	342	54,060	54,402
Loss and total comprehensive loss for the year	–	–	(7,928)	(7,928)
Issuance of shares pursuant to the reorganisation *(Note 13(b))*	–	–	–	–
Capitalisation issue of shares *(Note 13(d))*	(1,500)	–	–	(1,500)
Shares issued pursuant to the global offering *(Note 13(e))*	99,500	–	–	99,500
Transaction costs attributable to the global offering *(Note 13(e))*	(10,030)	–	–	(10,030)
At 31 March 2017 and 1 April 2017	87,970	342	46,132	134,444
Loss and total comprehensive loss for the year	–	–	(1,501)	(1,501)
At 31 March 2018	**87,970**	**342**	**44,631**	**132,943**

Note: Capital reserve of HK$341,699 represented the difference between the combined capital of operating subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof.

CHAIRMAN'S STATEMENT

To Our Shareholders

On behalf of the Board, I present the annual results of the Group for the year ended 31 March 2018, together with the comparative figures for the year ended 31 March 2017.

Financial Results

The Group's total revenue increased by approximately 1.9%, or HK$3.7 million, from HK$189.8 million for the year ended 31 March 2017 to HK$193.5 million for the year ended 31 March 2018. Loss attributable to shareholders of the Company (the "**Shareholders**") decreased from HK$7.9 million for the year ended 31 March 2017 to HK$1.5 million for the year ended 31 March 2018, mainly due to the combined net effect of (i) no listing expenses incurred for the year as compared to the listing expenses of HK$17.6 million incurred for the last year, (ii) continued rise in rental costs and staff costs, and (iii) increase in legal and professional expenses for compliance of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" and the "**Listing Rules**" respectively) and other applicable laws and requirements.

Business Review

The issued shares of the Company (the "**Shares**") have successfully been listed on the Main Board of the Stock Exchange since 29 November 2016 (the "**Listing Date**" and the "**Listing**", respectively). The Listing has strengthened the Group's financial position, which facilitates the Group to implement its business strategies as stated in the section headed "Business – Our Business Strategies" in the prospectus of the Company dated 17 November 2016 (the "**Prospectus**").

As at 31 March 2018, the Group operated 21 restaurants under "Viet's Choice"(越棧) brand, one restaurant under "Five Spice"(5越) brand, which is a full-menu Vietnamese-style casual dining restaurant offering a more comprehensive menu as compared with Viet's Choice, and one restaurant under "Tascalopo"(6葡) brand, which is a full-service Portuguese-style casual dining restaurant, in order to broaden its cuisine offerings to capture a larger market share in Hong Kong and enhance the profitability of the Group.

Prospects

Looking ahead, the food and beverage industry in Hong Kong will continue to encounter various challenges, such as rising rental and staff costs. By leveraging on the Group's competitive strengths, the management remains optimistic in operating and expanding the food and beverage businesses in Hong Kong. The Group will continue to seek opportunities to expand our network of Viet's Choice restaurants as well as broaden our cuisine offerings to capture a larger market share in Hong Kong.

Appreciation

I would like to take this opportunity to express my gratitude to all our Shareholders, fellow members of the Board, the senior management and staff of all levels for their dedication and effort over the years. In addition, on behalf of the Board, I would also like to express our most sincere thanks to all our customers, suppliers and business partners for their continuous support.

WONG Che Kin
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 29 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

The Hong Kong economy grew at a fast pace in 2017 amid a strong global economy. According to the statistics published by the Hong Kong Census and Statistics Department, gross domestic product grew by 3.8% in 2017, higher than the 2.1% growth in 2016.

In the food and beverage sector, restaurant operators continue to face a number of challenges, which include the following:

- High staff cost – Due to the rising staff cost and with the statutory minimum wage in Hong Kong, restaurant operators have to absorb the increase in wages thus causing an increase in operating costs.

- High rental prices – Retail rental prices in Hong Kong experience consistent year-on-year growth. To maintain customer loyalty, reduce bill shock and remain in business, full-service restaurants are compelled to generate smaller profit margins as operating costs from both rental and labour costs continue to climb.

- Labour shortage – Restaurant operators have been affected by labour shortage and high staff turnover. Shortage of quality customer service staff presents a challenge for restaurant operators in Hong Kong. Customer service within the food service industry is perceived to be a less than desirable occupation by the local population. This challenge is more apparently felt by low-end to mid-level restaurants. In addition, given the long working hours and low rates, particularly for those who are paid at the minimum wage level, a large section of the workforce is attracted by other industries like property management and security rather than the full-service restaurant industry.

Although the Hong Kong economy had a better-than-expected improvement in 2017, restaurant operators continued to encounter various challenges, including rising rental and staff costs, as well as difficulty in retaining talent in an increasingly competitive market. The Group will adopt a more prudent and conservative approach in site selection for expanding the restaurant network.

BUSINESS REVIEW

The Group is a food and beverage group in Hong Kong primarily operating Vietnamese-style casual dining restaurants.

For the year ended 31 March 2018, the Group opened three Viet's Choice restaurants and closed three Viet's Choice restaurants. Of the three closed Viet's Choice restaurants, the under-performance of one of the restaurants necessitated its closure, the other two restaurants were closed because the Group and the landlord could not reach agreement on commercially sound terms for renewal.

In order to broaden the Group's cuisine offerings to capture a larger market share in Hong Kong, in November 2017, the Group opened its first International cuisines casual dining restaurants, named "Tascalopo"（6葡）, which offers a mix of Portuguese-Chinese menu to customers.

As at 31 March 2018, the Group operated 21 Viet's Choice restaurants, one Five Spice restaurant and one Tascalopo restaurant in Hong Kong, of which three were located in the Hong Kong Island, seven were located in Kowloon and the remaining were located in the New Territories.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 1.9%, or HK$3.7 million, from HK$189.8 million for the year ended 31 March 2017 to HK$193.5 million for the year ended 31 March 2018. The increase in revenue was primarily due to the increase in the aggregate number of operating days of the restaurants being the net effect of opening and closing of the restaurants during the two years ended 31 March 2018.

Cost of Food and Beverages

The Group's cost of food and beverages increased by 5.0%, or HK$2.2 million, from HK$44.1 million for the year ended 31 March 2017 to HK$46.3 million for the year ended 31 March 2018, which was primarily due to the increases in revenue and procurement costs of certain major food ingredients during the year ended 31 March 2018. As a result, the cost of food and beverages as a percentage of revenue increased from 23.2% for the year ended 31 March 2017 to 23.9% for the year ended 31 March 2018.

Staff Costs

The Group's staff costs increased by 9.8%, or HK$5.6 million, from HK$57.1 million for the year ended 31 March 2017 to HK$62.7 million for the year ended 31 March 2018. Such increase was primarily due to increases in the number of staff to support the business expansion plan and the wage rate of the Group's employees during the year ended 31 March 2018.

Property Rentals and Related Expenses

The Group's property rentals and related expenses increased by 7.0%, or HK$3.6 million, from HK$51.4 million for the year ended 31 March 2017 to HK$55.0 million for the year ended 31 March 2018. Such increase was mainly attributable to an increase in the monthly rentals of the Group's leased properties upon renewal of the relevant leases and new properties leased. As a result, the property rentals and related expenses as a percentage of revenue increased from 27.1% for the year ended 31 March 2017 to 28.4% for the year ended 31 March 2018.

Loss Attributable to Shareholders of the Company

The loss attributable to shareholders of the Company decreased by 81.0%, or HK$6.4 million, from HK$7.9 million for the year ended 31 March 2017 to HK$1.5 million for the year ended 31 March 2018. The decrease in loss was attributable to no listing expenses incurred for the year ended 31 March 2018. When excluding the non-recurring listing expenses for the year ended 31 March 2017, the Group would have recorded a profit for the year ended 31 March 2017 as compared to a loss for the year ended 31 March 2018, mainly attributable to the increase in legal and professional expenses for compliance of the Listing Rules and other applicable laws and requirements, coupled with the other factors discussed above.

Liquidity and Financial Resources

The Group has financed its business with internally generated cash flows and proceeds received from the Listing.

As at 31 March 2018, the Group's cash and cash equivalents were HK$95.8 million, representing a decrease of 11.6%, or HK$12.6 million, as compared with HK$108.4 million as at 31 March 2017. The decrease was mainly attributable to the increase in capital expenditures. Most bank deposits and cash were denominated in Hong Kong dollars.

The Group will continue to use the internally generated cash flows and proceeds received from the Listing as a source of funding for future developments.

As at 31 March 2018, the Group's total current assets and current liabilities were HK$110.7 million (as at 31 March 2017: HK$123.4 million) and HK$18.0 million (as at 31 March 2017: HK$22.3 million) respectively, representing a current ratio of 6.2 times (as at 31 March 2017: 5.5 times).

As at 31 March 2018, the Group did not have any bank borrowings.

As at 31 March 2018, the Group did not have any finance lease payables.

As at 31 March 2018, the gearing ratio of the Group was not applicable as it had no outstanding debt. The gearing ratio equals total debts divided by total equity and multiplied by 100%.

Use of Net Proceeds from the Listing

The Shares were listed on the Stock Exchange on the Listing Date with net proceeds from the global offering of the Shares of HK$70.9 million.

The use of the net proceeds from the Listing as at 31 March 2018 was approximately as follows:

Use of net proceeds	Percentage of net proceeds	Net proceeds *(in HK$ million)*	Amount utilized *(in HK$ million)*	Amount remaining *(in HK$ million)*
Maintain and expand Viet's Choice brand restaurants	23.3%	16.5	(10.0)	6.5
Broaden cuisine offerings	61.5%	43.6	(6.6)	37.0
Upgrade and expand food processing centre	3.3%	2.3	(0.2)	2.1
Upgrade information technology systems	2.7%	1.9	(0.4)	1.5
Broaden the promotion of brand image and recognition	1.5%	1.1	(0.8)	0.3
Working capital and general corporate purpose	7.7%	5.5	(5.5)	–
Total	100.0%	70.9	(23.5)	47.4

Significant Investments

As at 31 March 2018, the Group did not hold any significant investment.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year ended 31 March 2018, the Group had no material acquisition or disposal of subsidiaries, associates or joint ventures.

Employees and Remuneration Policies

As at 31 March 2018, the Group had 322 employees (as at 31 March 2017: 330 employees). Remuneration is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee.

The emoluments of the Directors are recommended by the remuneration committee of the Company (the "**Remuneration Committee**"), with reference to their respective contribution of time, effort and expertise on the Company's matters. The Company has adopted a share option scheme to reward the participants defined thereunder for their contribution to the Group's success and to provide them with incentives to further contribute to the Group. The share option scheme became effective on 29 November 2016. In addition, employees are entitled to performance and discretionary year-end bonuses.

Charges on Assets

As at 31 March 2018, the Group did not have any mortgage or charge over its assets.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

Foreign Currency Exposure

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

Contingent Liabilities

As at 31 March 2018, the Group did not have any material contingent liabilities.

Prospects

The Group's strategic objective is to become a leading full-service casual dining restaurant chain operator in Hong Kong. To achieve such objective, the Group will continue to implement the following strategies:

- maintaining the Group's market share and continuing to expand its network of Vietnamese-style casual dining restaurants in Hong Kong by the replacement of restaurants which the Group has plans to close, opening of new Vietnamese-style casual dining restaurants as well as further refurbishment of existing restaurants;

- leveraging on the Group's standardised operations and management and broadening the Group's cuisine offerings to capture a larger market share in Hong Kong by developing different lines of casual dining restaurants, including full-menu Vietnamese-style restaurants, French-Vietnamese-style restaurants and international cuisines restaurants;

- upgrading and expanding the food processing capabilities of the Group's food processing centre;

- upgrading the information technology systems to support the Group's future expansion and growth; and

- broadening the promotion of the Group's brand image and market recognition.

Please also see the section headed "Business – Our Business Strategies" of the Prospectus for further details.

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend in respect of the year ended 31 March 2018.

CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

The Company has adopted and, save for the deviation from code provision A.2.1 of the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as disclosed in this announcement, has complied with all applicable code provisions as set out in the CG Code during the year ended 31 March 2018.

Deviation from Code Provision A.2.1 of the CG Code

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. WONG Che Kin ("**Mr. Wong**") currently holds both positions. Throughout the Group's business history of over 14 years, Mr. Wong has been holding the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, all the other Directors (including the INEDs) consider that Mr. Wong is the best candidate for both positions and the present arrangements are beneficial to and in the interests of the Company and its Shareholders as a whole.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as contained in Appendix 10 to the Listing Rules as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code during the year ended 31 March 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its Shares during the year ended 31 March 2018. Neither the Company nor any of its subsidiaries has purchased or sold any of the Shares during the year ended 31 March 2018.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (the "**Audit Committee**") was established on 8 November 2016 with written terms of reference in compliance with the CG Code. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. It comprises three independent non-executive Directors, namely Mr. CHEUNG Yui Kai Warren, Prof. LAI Kin Keung and Mr. LUI Hong Peace. Mr. CHEUNG Yui Kai Warren is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's consolidated financial statements and annual results for the year ended 31 March 2018. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory provisions, and sufficient disclosures have already been made.

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

SUBSEQUENT EVENT

The Company has undergone a change in its controlling shareholder upon completion of the share purchase agreement dated 25 April 2018 entered into between Pioneer Vantage Global Limited and Blaze Forum Limited as vendors, Mr. Wong and Ms. WONG Chui Ha Iris as guarantors and MSEC Holdings Limited as purchaser for acquiring 149,998,000 ordinary shares of the Company, representing approximately 75% of the then entire issued share capital of the Company. The transaction contemplated under the aforesaid share purchase agreement was completed on 15 May 2018.

Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers, MSEC Holdings Limited is required to make a mandatory unconditional cash offer for all the issued shares of the Company (other than those already owned or to be acquired by the MSEC Holdings Limited and the parties acting in concert with it). For further details, please refer to the announcements of the Company dated 19 April 2018, 4 May 2018, 15 May 2018, 25 May 2018 and 15 June 2018 respectively, the circular of the Company dated 15 June 2018 and the composite offer and response document dated 15 June 2018 jointly issued by the Company and MSEC Holdings Limited.

Save as disclosed in this announcement, there is no material subsequent event after 31 March 2018 and up to the date of this announcement.

By order of the Board of
Food Wise Holdings Limited
WONG Che Kin
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 29 June 2018

As at the date of this announcement, the Board comprises Mr. WONG Che Kin and Ms. WONG Chui Ha Iris as executive Directors; Mr. CHEUNG Wai Chi as a non-executive Director; and Mr. CHEUNG Yui Kai Warren, Prof. LAI Kin Keung and Mr. LUI Hong Peace as independent non-executive Directors.