



翠華集團®
TSUI WAH GROUP

Tsui Wah Holdings Limited
翠華控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 1314

2018.

ANNUAL REPORT
年報



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Corporate Information

EXECUTIVE DIRECTORS

Mr. Lee Yuen Hong (*Chairman*)
Mr. Lee Tsz Kin Kenji
Mr. Cheung Yu To (resigned on 1 November 2017)

NON-EXECUTIVE DIRECTORS

Mr. Cheng Chung Fan
Mr. Wong Chi Kin
Mr. Cheng Yu Sang (resigned on 2 April 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Goh Choo Hwee
Mr. Tang Man Tsz
Mr. Yim Kwok Man

AUTHORISED REPRESENTATIVES

Mr. Lee Yuen Hong
Mr. Kwok Siu Man

AUDIT COMMITTEE

Mr. Yim Kwok Man (*Chairman*)
Mr. Goh Choo Hwee
Mr. Wong Chi Kin

REMUNERATION COMMITTEE

Mr. Goh Choo Hwee (*Chairman*)
Mr. Lee Yuen Hong
Mr. Tang Man Tsz

NOMINATION COMMITTEE

Mr. Lee Yuen Hong (*Chairman*)
Mr. Goh Choo Hwee
Mr. Tang Man Tsz

COMPANY SECRETARY

Mr. Kwok Siu Man



Milk Tea

Tsui Wah combines premium Ceylon tea leaves with many years of tea-training know-how to bring about the perfect cup. With a dash of Holland's Black & White evaporated milk in a preheated teacup, the tea is perfection.

Corporate Information

LEGAL ADVISERS

Deacons
5th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1606–1608
16/F, Riley House
88 Lei Muk Road
Kwai Chung
New Territories

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

COMPANY'S WEBSITE ADDRESS

www.tsuiwah.com

STOCK CODE

1314



Fish Balls and Fish Cakes with Flat Rice Noodles in Fish Soup

Tsui Wah's fish balls are made daily with handpicked yellow eels and over 10 types of fresh fish. Our fish balls are made every morning and contain no colour additives or preservatives.

Chairman's **Statement**



Mr. Lee Yuen Hong
Chairman



Chairman's Statement

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors of the Company (the “**Directors**”, each on “**Director**”), I announce the annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2018 (the “**Year**”).

In the past Year, the retail market in Hong Kong experienced a progressive improvement. However, selling and distribution expenses as well as property rental and related expenses had increased, which has presented certain challenges to the Group’s results. The PRC market benefitted from rising purchasing power amongst the general population, and the revenue from the Group’s branches in Mainland China also correspondingly increased. After carefully examining the current regional market environment as well as the global economy, management actively adjusted the Group’s development strategies in order to seize growth in the food services sector both locally and overseas.

In the past Year, based on its solid business foundation, the Group has further established new revenue streams by actively developing its new brands so as to achieve economies of scale in its operations and accelerate the Group’s penetration rate in the relevant markets. During the Year, the Group launched two new self-developed brands, namely “BEAT Bakery”, a bakery that uses flour imported from Japan with healthy eating as its core theme, and Nijuuichi Don (廿一堂), featuring Japanese fast-food. The Group has recently opened a new restaurant, Maomao Eat (輕·快翠), mainly serving authentic Hong Kong style snacks in the Tai Kwun Centre for Heritage and Arts, which is located in Central, Hong Kong. Maomao Eat also incorporates vegetarian elements in its menu by partnering with Green Monday, a non-profit organisation that promotes a healthy diet and sustainable living.

During the Year, the Group opened a total of eight new branches in Hong Kong and Mainland China under the brand of “Tsui Wah”. Three were located in Eastern China (namely the Shanghai Lilacs Commerce Centre branch, Shanghai Changning Raffles City branch and Shanghai Vivo City branch, respectively) and three were located in Southern China (namely the Shenzhen Bao’an-uniwalk branch, Zhongshan Hai Gang Cheng branch and Guangzhou Huangsha branch, respectively). As at 31 March 2018, the Group operated a total of 70 branches. These included 68 restaurants that were owned by the Group and operated under the brand of “Tsui Wah”, of which 31, 34 and three were respectively located in Hong Kong, Mainland China and Macau.

In addition to the expansion of its restaurant network, the Group’s “Supreme Catering” (至尊到會) business and “Tsui Wah Delivery” (快翠送) services have been steadily growing. We believe that Supreme Catering and Tsui Wah Delivery will help us further penetrate the market to attract younger customers and further diversify the Group’s business. The Group has been progressively introducing AliPay (支付寶) and WeChat Pay (微信支付), in order to align with global e-payment trends as well as provide more convenient services to its customers.

The Group has built a strong brand in Hong Kong and has been striving to promote Hong Kong-style food and culture globally. The Group was pleased to establish a strategic partnership with Jumbo Group Limited in Singapore, to open and operate a Hong Kong style *Cha Chaan Teng* under the brand of “Tsui Wah”. This restaurant commenced operations in mid-June 2018. Leveraging on Jumbo’s strong presence in Singapore, the Group is confident that this joint venture will be successful and will enable “Tsui Wah” and its products to establish an excellent international reputation among the 5.6 million residents living in Singapore.



Chairman's Statement

Our commitment to excellence in providing high quality food and catering services to our customers has been widely acknowledged and it is our honour to receive the following awards and accreditations during the Year:

- Hong Kong Tourism Board's "Outstanding QTS Merchant Service Staff Award 2017 (Front-line Staff) — Chinese Cuisine Silver Award";
- Weekend Weekly Magazine's "2017 Best Ever Dining Awards — Best *Cha Chaan Teng*";
- South China Morning Post's "Enterprising Hong Kong Brand Awards — 2017 Best Hong Kong Travel and Hospitality Brand (Publicly-listed Company) — Special Commendation";
- World Green Organisation's "Green Office Award" and "2017 Sustainable Business Award";
- Federation of Hong Kong Industries and Bank of China (Hong Kong)'s "BOCHK Corporate Environmental Leadership Award 2016";
- The International Food Safety Association's "Food Safety Excellence Award 2017";
- Economic Digest's "Hong Kong Outstanding Enterprises 2017"; and
- Job Market and Sing Tao News Group's "Employer of Choice Award 2017".

The year 2017 has been a remarkable and challenging year for us. Looking ahead, the Group will continue to focus on revenue growth and cost control. The Group will also strengthen its marketing efforts to attract customers across all sectors of society as well as consolidate its brand positioning in Hong Kong, Macau and Mainland China by accelerating its business expansion beyond Hong Kong to other markets, especially in the Guangdong-Hong Kong-Macau Greater Bay Area. Meanwhile, the Group will also explore new markets with its new brands in order to increase its market share.

Last but not least, on behalf of my fellow Directors and all the staff of the Group, we would like to take this opportunity to express our heartfelt gratitude to our customers, shareholders, suppliers and business partners for their long term support and confidence in Tsui Wah. We shall continue to work harder as a token of our appreciation for the encouragement and support we have received from native Chinese people as well as foreign residents, who have continuously been enjoying the Group's meals and services for more than 50 years.

Lee Yuen Hong

Chairman and Executive Director

Hong Kong, 28 June 2018

Management Discussion and Analysis

Hong Kong,
Nijuuichi Don
PopWalk Branch



BUSINESS REVIEW

During the Year, the Group continued to organically implement its restaurant expansion business plan by opening a total of eight new branches across Hong Kong and Mainland China. In Mainland China, the Group opened six new restaurants across Eastern and Southern China. The locations of the newly opened restaurants were chosen largely because they were situated in an area with higher customer traffic as well as other commercial considerations such as more favourable rental costs and convenience for customers. The Group also operated two new self-developed brands, namely “Nijuuichi Don (廿一堂)” which is a fast food restaurant that predominantly serves Japanese fast-food, and BEAT Bakery which is a bakery that uses flour imported from Japan with healthy eating as its core theme.

As at 31 March 2018, the Group operated 31 restaurants in Hong Kong, 34 restaurants in Mainland China, and three restaurants in Macau under the “Tsui Wah” brand, as well as branches under two sub-brands “Nijuuichi Don” and “BEAT Bakery” in Hong Kong. In total, the Group has 70 branches under its operation within these three jurisdictions. The Group will continue to adhere to a prudent and commercially viable strategy in respect of its site selection for the opening of new restaurants.

The industry continued to be challenged by substantially rising costs in raw ingredients, rent and labour. In order to maintain competitiveness, the Group has striven to implement and maintain a range of cost and expense control measures to stabilise the overall operating efficiencies. The continued use of centralised kitchens served to decrease the costs associated with food processing and streamlined the procurement and supply chain management, which sustained operational efficiency and enabled the gross profit margin of the Group to remain stable at 72.1% for the Year compared with that of 72.3% for the year ended 31 March 2017 (the “**Year 2017**”). The Group’s net profit margin (profit for the year as a percentage of revenue) recorded a decrease from approximately 4.9% for the Year 2017 to approximately 4.4% for the Year, which was mainly attributable to an increase in sales and delivery costs, property rentals as well as initial start-up costs incurred by the opening of new restaurants.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The revenue of the Group slightly decreased by approximately 0.3% from approximately HK\$1,845.4 million for the Year 2017 to approximately HK\$1,839.8 million for the Year. Although same store sales in Hong Kong recorded an increment during the Year as compared to previous year, revenue within the region generally dropped, owing to the closure of certain restaurants when leases expired during the Year 2017 and the Year.

Cost of inventories sold

Cost of inventories sold slightly increased by approximately HK\$0.3 million, or approximately 0.06%, from approximately HK\$512.1 million for the Year 2017 to approximately HK\$512.4 million for the Year. The cost of inventories sold amounted to approximately 27.7% and 27.9% of the Group's revenue for the Year 2017 and the Year, respectively. The ratio of the cost of inventories sold in proportion to the Group's revenue for the Year remained rather stable as compared to the Year 2017, mainly attributable to various cost control measures on procurement adopted by the Group including, amongst others, a bulk procurement policy, more stringent control on the food preparation process and optimising the use of centralised kitchens.

Gross profit

The Group's gross profit (which is equivalent to revenue subtracting the cost of inventories sold) for the Year was approximately HK\$1,327.4 million, representing a slight decrease of approximately 0.4% from approximately HK\$1,333.3 million for the Year 2017. The slight decrease in gross profit corresponded with the decrease in revenue, mainly due to a decrease in sales as a result of the closure of certain branches in Hong Kong during the Year 2017. The gross profit margin for the Year remained stable as compared to Year 2017.



Hong Kong,
BEAT Bakery
Tsim Sha Tsui Branch



Management Discussion and Analysis

Human resources and remuneration policy

As at 31 March 2018, the Group (other than its joint ventures) employed 4,153 employees (2017: approximately 4,280). The Group's staff costs decreased by approximately HK\$0.1 million, from approximately HK\$531.1 million for the Year 2017 to approximately HK\$531.0 million for the Year. The decrease was attributable to the improved control of labour costs.

The Group understands the importance of recruiting the right personnel and retaining experienced staff in the highly competitive labour market in order to maintain its operations and uphold its well-established standard of high-quality services across all of its restaurants. Staff costs as a percentage of the Group's revenue amounted to approximately 28.9% for the Year as compared to 28.8% for the Year 2017.

Remuneration packages are generally structured by reference to market norms, individual qualifications and relevant experience. The Group periodically reviews the remuneration of its employees and continued to implement slight increments to the base salary of its staff during the Year in line with the Group's historical practices.

Further, the Company adopted its pre-IPO share option scheme on 5 November 2012 (the "**Pre-IPO Share Option Scheme**"), where certain Directors, executives and employees of the Group (the "**Eligible Employees**") were entitled to share options to subscribe for the ordinary shares of the Company (the "**Shares**") as a reward for recognising the contribution of such Eligible Employees. Options comprising 26,800,054 underlying Shares granted under the Pre-IPO Share Option Scheme lapsed on 25 November 2017. As at 31 March 2018, no options (2017: options comprising approximately 26,800,000 underlying Shares) were outstanding under the Pre-IPO Share Option Scheme and no share options were exercised during the Year.

In addition, the Company adopted its share option scheme on 5 November 2012 (the "**Share Option Scheme**"), where certain eligible persons whose contributions have been beneficial to the performance, growth or success of the Group would be awarded a personal stake in the Company. Since the adoption of the Share Option Scheme, no options have been granted. As at 31 March 2018, no share options were outstanding under the Share Option Scheme and no options were exercised or lapsed during the Year.

Property rentals and related expenses

Property rentals and related expenses increased by approximately HK\$23.2 million, or approximately 7.4%, from approximately HK\$315.3 million for the Year 2017 to approximately HK\$338.5 million for the Year. The increase was primarily attributable to (i) the commencement of leases for the respective newly opened restaurants during the Year and (ii) increases in rent for the renewed leases of certain existing restaurants. In order to ensure a better control of the cost from property rentals and related expenses, the Group negotiated rental agreements with longer lease terms with an average of at least three years, to maintain commercially stable rental costs.

Selling and distribution expenses

The selling and distribution expenses increased by approximately HK\$11.0 million or approximately 35.7% from approximately HK\$30.8 million for the Year 2017 to approximately HK\$41.8 million for the Year. The increase was mainly due to a series of brand and marketing promotion during the Year and the increases in transportation and sales related costs during the Year.

Share of profits from joint ventures

The share of profits from joint ventures amounted to approximately HK\$39.4 million for the Year, representing an increase of approximately HK\$7.5 million, or approximately 23.5% from approximately HK\$31.9 million for the Year 2017. The increase was primary due to better performance of the joint ventures and a more favourable macroeconomic environment in Macau, as the number of tourists increased and thereby stimulated revenue in the food catering industry.

Income tax expense

Income tax expense decreased by approximately HK\$11.3 million, or approximately 30.3%, from approximately HK\$37.3 million for the Year 2017 to approximately HK\$26.0 million for the Year.

Management Discussion and Analysis

Profit

Primarily due to the increases in the above-mentioned selling and distribution expenses as well as property rentals and related expenses, the profit for the Year decreased by approximately HK\$9.9 million, or approximately 10.9%, from approximately HK\$90.7 million for the Year 2017 to approximately HK\$80.8 million for the Year.

Liquidity and financial resources

The Group financed its business with internally generated cash flows and the proceeds received from the initial listing of the issued Shares on the Main Board of the Stock Exchange on 26 November 2012 (the "Listing"). As at 31 March 2018, the Group had cash and cash equivalents amounting to approximately HK\$510.0 million, representing an increase of approximately HK\$13.4 million from approximately HK\$496.6 million as at 31 March 2017. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 31 March 2018, the Group's total current assets and current liabilities were approximately HK\$644.1 million (31 March 2017: approximately HK\$638.1 million) and approximately HK\$303.3 million (31 March 2017: approximately HK\$304.0 million) respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 2.1 times (31 March 2017: approximately 2.1 times).

As at 31 March 2018, the Group recorded interest-bearing bank borrowings of approximately HK\$66.8 million (as at 31 March 2017: HK\$71.5 million). The interest-bearing bank borrowings were secured, repayable on demand and denominated in Hong Kong dollars and bore interest at 1.0% (31 March 2017: 1.75%) above the one-month Hong Kong Interbank Offered Rate. During the Year, no financial instruments were used for hedging purposes. Details on the bank borrowings of the Group are set out in note 24 to the consolidated financial statements.

As at 31 March 2018, the Group's gearing ratio, calculated based on the sum of interest-bearing bank borrowings and finance lease payables divided by the equity attributable to owners of the Company, was approximately 5.6% (31 March 2017: approximately 6.2%).

Material acquisitions and disposals

The Group had no material acquisitions or disposals of subsidiaries or associates during the Year.

Use of net proceeds from the Listing

The net proceeds from the global offering of the Company were approximately HK\$794.4 million (after deducting underwriting fees and related expenses). 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 utilised (in HK\$ million)	Amount remaining (in HK\$ million)
Opening new restaurants and delivery centres and launch of catering service in Hong Kong	20%	158.9	(158.9)	–
Opening new restaurants in Mainland China	35%	278.0	(278.0)	–
Construction of new central kitchen in Hong Kong	10%	79.4	(79.4)	–
Construction of new central kitchens in Shanghai and Southern China	20%	158.9	(108.3)	50.6
Upgrading information technology systems	5%	39.8	(26.1)	13.7
Additional working capital and other general corporate purposes	10%	79.4	(79.4)	–
Total	100%	794.4	730.1	64.3



Management Discussion and Analysis

Foreign currency risk

The Group's sales and purchases for the Year were mostly denominated in Hong Kong dollars and Renminbi. The Renminbi is not a freely convertible currency. Future exchange rates of the Renminbi could vary significantly from the current or historical exchange rates as a result of the capital controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes both domestically and internationally, and also from the demand and supply of the Renminbi. The appreciation or devaluation of the Renminbi against the Hong Kong dollar may have an impact on the Group's results. The Group will continue to take proactive measures and closely monitor its exposure to any currency movements.

Contingent liabilities

As at 31 March 2018, the Group had contingent liabilities of approximately HK\$9.1 million (31 March 2017: approximately HK\$8.1 million) in respect of bank guarantees given in favour of landlords in lieu of rental deposits.

Charge on assets

As at 31 March 2018, save as those disclosed in note 13 to the financial statements above, deposits of approximately HK\$9.1 million (31 March 2017: approximately HK\$8.1 million) were pledged for bank guarantee facilities of the Group. There was no charge on the Group's other assets.

Training and continuing development

During the Year, comprehensive training programmes and development initiatives pertaining to operational and occupational safety as well as customer services were provided to relevant employees in order to enhance the quality of services expected from customer-facing staff as well as to ensure the effective implementation of the Group's business ethos.

PROSPECTS AND OUTLOOK

Customer satisfaction

In the foreseeable future, the Group will continue to effect its core strategy of prioritising its customers' dining experience by maintaining stringent food safety and diversifying the menu to suit seasonal changes in order to attract a broader base of customers whilst ensuring that its signature dishes will continue to be served to the highest quality. The Group has always endeavoured to provide high-quality food for its customers in a comfortable and hygienic *Cha Chaan Teng* environment.

Corporate social responsibility

The Group is resolutely committed in adhering to its core corporate values and social responsibilities. The Group has strongly encouraged all its employees to partake in the charitable activities organised by and associated with the Group such as the Community Chest fundraiser. The Group has also promoted environmental protection initiatives, bolstered its green procurement and energy saving policies, and provided customers with friendly reminders to reduce food waste. The Group continues to take an unwaveringly proactive role in giving back to the community. For example, the Group introduced the "Daydream Scholarship Scheme (白日夢獎學金計劃)", a scholarship programme for students to envisage what Tsui Wah would look like in 50 years to commemorate the Group's 50th anniversary through an art competition.



Management Discussion and Analysis

Environmental, social and governance (“ESG”) performance

The Group continually reviews its ESG efforts, corporate governance and risk management practices with an aim to create and deliver sustainable value to all its key stakeholders. The Group has been exploring more efficient opportunities to reduce the consumption of resources in order to reduce its impact on the environment.

Further, the Group has conducted a series of surveys by way of questionnaires with certain key stakeholders covering topics from the Group’s environmental and social policies to governance issues. The surveys’ results will serve as a solid foundation for the Group’s upcoming ESG report. For more information regarding the Group’s ESG performance for the Year, please refer to the Group’s forthcoming ESG report, which can be viewed or downloaded from the Company’s official website no later than three months after the publication of the Group’s annual report.

Outlook

The Group will continue to implement its steady and prudent restaurant-opening strategy in Hong Kong, Macau and Mainland China. The Group plans to further enhance its market share by exploring the expansion of its restaurant network across different regions overseas. The Group will continue to execute its development strategy and closely monitor market conditions. To further strengthen its business operations, the Group is committed to the broadening of its platform as well as further introducing and developing new brands.

The Group will further expand the geographical coverage of Tsui Wah Delivery and will implement measures which facilitate the improvement of the efficiency of the delivery service in order to provide a more convenient service to its customers. In addition, the Group will continue to provide its customers with its five-star catering service under Supreme Catering. The Group has been striving to satisfy the needs of its customers by offering Chinese, Western and Southeast Asian cuisines for its catering services on various occasions such as weddings, business banquets, birthday parties as well as gatherings for family and friends. The Board is confident that the Group will continue to explore business opportunities and expand its restaurant network in both Hong Kong, Mainland China and overseas by leveraging on the determination and experience of its competent management team and staff.

Having successfully launched the two new self-developed brands, namely Beat Bakery and Nijuuichi Don during the Year, the Group will continue to conduct research on the feasibility of developing its brands in the hope of further increasing market share and raising revenue generating streams for the Group. In addition, having recently launched the first Tsui Wah restaurant with Jumbo in Singapore, the Group will explore other similar opportunities overseas, including in Southeast Asia. The Group will closely monitor the macroeconomic environment and continue to seize various growth opportunities to boost our brand reputation and maximise returns for shareholders of the Company (the “Shareholders”).



Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lee Yuen Hong (李遠康), aged 63, is the chairman of the Board and an executive Director. Mr. Lee has been an executive Director and the chairman of the Board since 29 May 2012, the date of incorporation of the Company. Apart from his current directorate in the Company, he also holds directorships in almost all subsidiaries of the Company. He is one of the founders of the Group and is primarily responsible for the Group's overall corporate strategies, management and business development. Mr. Lee is also the chairman of the nomination committee of the Company (the "**Nomination Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**"). Mr. Lee founded the Group in 1989 by acquiring the San Po Kong Tsui Wah Restaurant (新蒲崗翠華餐廳). Mr. Lee first joined the restaurant industry in Hong Kong in 1966 and has since served in various positions within the industry. He served as cook, chief cook and chef in a number of restaurants from 1973 to 1989. Mr. Lee has spent over 25 years in the Group since 1989 which, together with his previous positions in other restaurants, has allowed him to accumulate over 45 years of experience in the restaurant industry, in particular in the *Cha Chaan Teng* sector. He is currently the honorary chairman of the Association of Coffee and Tea (香港咖啡紅茶協會), the chairman of the Hong Kong Federation of Restaurants and Related Trades (香港餐飲聯業協會) and a member of the Business Facilitation Advisory Committee (方便營商諮詢委員會), the Mandatory Provident Fund Industry Schemes Committee (強制性公積金行業計劃委員會), the Quality Tourism Services Sub-Committee (優質旅遊服務小組委員會), the Catering and Hospitality Services Safety and Health Committee and the Committee of HKTDC Mainland Business Advisory Committee (香港貿易發展局內地商貿諮詢委員會), respectively. He also serves as the vice-president of the Guangzhou Restaurant & Catering Association (廣州市飲食行業商會) and was appointed as a member of the Committee on Reduction of Salt and Sugar in Food (降低食物中鹽和糖委員會) and a council member of the Shanghai Cuisine Association (上海市烹飪協會). Mr. Lee completed the Hygiene Supervisor Training Course (衛生督導員訓練課程) organised by the Food and Environmental Hygiene Department in December 2004. Mr. Lee obtained his master's degree in business administration from the Sun Yat-Sen University (中山大學) in China in November 2010. Mr. Lee is the father of Mr. Lee Tsz Kin Kenji, an executive Director. In addition, he is a director of Cui Fa Limited, a controlling shareholder of the Company (the "**Controlling Shareholder**").

Mr. Lee Tsz Kin Kenji (李祉鍵), aged 33, is an executive Director. He also holds directorships in almost all subsidiaries of the Company. Mr. Lee joined the Group as the marketing and design officer in January 2008. He assumed the position as head of the project development department of the Group from early 2010 until the first half of 2015, responsible for formulating the development direction and store planning of the Group. In May 2015, Mr. Lee became the head of the brand development department of the Group, and was responsible for the Group's corporate development, leasing cooperation and business diversification. He was appointed as an executive Director and the business development director of the Group in November 2016 and has been responsible for overseeing new business development, project development as well as leasing matters of the Group. In addition, he is a director of Cui Fa Limited, a Controlling Shareholder.

Mr. Lee served as the vice-president of the Youth Committee of the Hong Kong Federation of Restaurants & Related Trades (香港餐飲聯業協會) in 2014. Mr. Lee graduated from the University of Huddersfield in the United Kingdom ("**UK**") with a bachelor's degree majoring in international business. He is an executive member of the Federation of Hong Kong Guangxi Community Organisation. Mr. Lee Tsz Kin Kenji is the son of Mr. Lee Yuen Hong, the chairman of the Board and an executive Director.



Biographies of Directors and **Senior Management**

NON-EXECUTIVE DIRECTORS

Mr. Cheng Chung Fan (鄭仲勳), aged 37, is a non-executive Director. Mr. Cheng has been a non-executive Director since 1 November 2016. Currently, he is the managing director of Sail Global Capital Limited in providing business consulting services. Mr. Cheng has assumed positions in various investment and financial advisory companies in Hong Kong between July 2009 and August 2017. He obtained a bachelor's degree in applied science specialising in electrical engineering from Queen's University, Canada in June 2004 and a master's degree in science specialising in engineering enterprise management from The Hong Kong University of Science and Technology in July 2007.

Mr. Wong Chi Kin (黃志堅), aged 45, is a non-executive Director. Mr. Wong is also a member of the audit committee of the Company (the "**Audit Committee**"). Mr. Wong was appointed as an independent non-executive Director on 5 November 2012 and was re-designated as a non-executive Director on 1 November 2016. He has approximately 20 years of experience working in accounting, banking and corporate finance and various international banks and companies listed in Hong Kong and the UK.

Mr. Wong has been the chief financial officer of Orient Victory Travel Group Limited ("**Orient Victory**") (stock code: 265) since October 2014. Prior to joining Orient Victory, he held various positions at China Qinfa Group Limited (stock code: 866), namely the deputy chief financial officer (from April 2011 to September 2011), the chief financial officer (from September 2011 to October 2014), as well as the company secretary and an authorised representative (from July 2011 to August 2014). In addition, Mr. Wong has been appointed as a non-executive director of Asiaray Media Group Limited (stock code: 1993) since 24 March 2017. The shares of each of the above companies are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Mr. Wong obtained a bachelor of science in finance from the City University of Hong Kong in December 1996, a master's degree in practising accounting from Monash University, Australia in November 2001 and a master of business administration from The Chinese University of Hong Kong in December 2010. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants, an associate member of CPA Australia and a fellow member of The Hong Kong Institute of Directors.



Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Goh Choo Hwee (吳慈飛), aged 46, has been an independent non-executive Director since 5 November 2012. Mr. Goh is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee, respectively. Mr. Goh is a member of the Law Society of Hong Kong and has been a practicing solicitor since 1997 and is currently a partner of Ma Tang & Co., a law firm in Hong Kong. He has over 20 years of experience in PRC-related corporate and securities practices. Mr. Goh has served as the company secretary and an authorised representative of Xinhua News Media Holdings Limited (stock code: 309) since 11 December 2013. Mr. Goh was appointed as an independent non-executive director of (i) China Ever Grand Financial Leasing Group Co., Ltd. (stock code: 379), since 18 January 2012; and (ii) Huajin International Holdings Limited (stock code: 2738), since 23 March 2016. He was also an independent non-executive director of Theme International Holdings Limited (stock code: 990) from 27 September 2013 to 4 November 2015. The four aforementioned companies are listed on the Stock Exchange. Mr. Goh graduated from The Chinese University of Hong Kong in December 1993 with a bachelor's degree in arts. He subsequently obtained a Postgraduate Certificate in Laws from the University of Hong Kong in June 1995.

Mr. Tang Man Tsz (鄧文慈), aged 47, has been an independent non-executive Director since 1 November 2016. He is also a member of the Remuneration Committee and the Nomination Committee, respectively. Currently, he is the managing director of UNI Consulting (HK) Limited, responsible for providing consulting services to listed companies. Mr. Tang has accumulated over 20 years of experience in international investment and corporate banking services. He worked for numerous renowned international banking corporations including Merrill Lynch, UBS, Royal Bank of Scotland and BNP Paribas, in which he was involved in the provision of bond financing and equity financing services. Mr. Tang received a bachelor's degree in economics from The Chinese University of Hong Kong in 1994.

Mr. Yim Kwok Man (嚴國文), aged 49, has been an independent non-executive Director since 5 November 2012. He is the chairman of the Audit Committee. Mr. Yim has over 20 years of experience in the areas of corporate finance, debt and equity capital markets, asset management as well as mergers and acquisitions in Asia, in particular in Hong Kong and the PRC. He is a fellow member of the Association of Chartered Certified Accountants in the UK and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yim is a registered representative of type 4 regulated activity (advising on securities), type 5 regulated activity (advising on futures contracts) and type 9 regulated activity (asset management) with the Securities and Futures Commission of Hong Kong. He has served as a managing director of Galaxy Asset Management (H.K.) Limited and worked with various international financial institutions and investments banks since 1994, including Rabobank International Hong Kong Branch, DBS Asia Capital Limited as well as CITIC Capital Markets Holdings Limited. Mr. Yim served as a non-executive director of Eternite International Company Limited (currently known as Larry Jewelry International Company Limited), the shares of which are listed on GEM of the Stock Exchange (stock code: 8351), from December 2010 to August 2011. Mr. Yim has also served as a non-executive director of Star Properties Group (Cayman Islands) Limited (stock code: 1560) since 4 March 2016. Mr. Yim was appointed as an independent non-executive director of Apex Ace Holdings Limited (stock code: 6036) on 15 February 2018. The issued shares of the two last-mentioned companies are listed on Main Board of the Stock Exchange. Mr. Yim graduated with a bachelor's degree in civil engineering from the Hong Kong Polytechnic in November 1991. He completed a master of business administration exchange program at the John E. Anderson Graduate School of Management, University of California, the United States of America in 1993 and obtained a master's degree in business administration from The Chinese University of Hong Kong in December 1994.



Biographies of Directors and **Senior Management**

SENIOR MANAGEMENT

Mr. Pang Kwing Ho Peter (彭焯豪), aged 59, was appointed as the chief executive officer of the Company on 1 June 2016. Mr. Pang has been the managing director of Supreme Catering, a business unit of the Company, since its establishment.

Mr. Pang has accumulated over 30 years of experience in the food and beverage industry. Over the last 15 years, he has been involved in the strategic development and management of private companies engaged in the restaurant business. Mr. Pang started his career at Sapporo Beer and subsequently joined Remy Martin Group. He was appointed as the regional sales director of the South China Region of the China division of Remy Martin in 1990. In 1999, Mr. Pang established Chit-Chat in SoHo East, Hong Kong. Throughout the years from 1999 to 2012, Mr. Pang operated a chain of restaurants in Hong Kong and was nicknamed by the media as “The Father of SoHo East” in 2002.

Mr. Yang Dong John (楊東), aged 43, has been appointed as the chief financial officer of the Group since 22 August 2016 and is responsible for overseeing the Group’s financial reporting functions and specific financial projects. Mr. Yang was the chief financial officer of the Company from 4 June 2012 to 31 December 2015 and assisted in the listing of the Company’s shares on the Stock Exchange. Mr. Yang was appointed as the chief executive officer for the PRC in March 2014, assisting the Group in the management and development of business in the PRC. He served as the company secretary and an authorised representative of the Company from June 2012 to February 2015.

Mr. Yang has been a member of the Hong Kong Institute of Certified Public Accountants since 2003 and a non-practicing member of the Chinese Institute of Certified Public Accountants since 2011. Mr. Yang has accumulated over 17 years of experience in auditing, consolidated accounting, financial management, due diligence investigation, compliance auditing and financial auditing. Prior to joining the Group, he was the chief financial officer and company secretary of Wedding Banquet Specialist (煌府婚宴專門店). He spent over ten years at KPMG’s Hong Kong and Beijing offices, having been engaged in numerous auditing projects involving listed companies on the Stock Exchange. Mr. Yang graduated from the City University of Hong Kong in November 1999 with a bachelor’s degree in business administration (accountancy) and obtained his master’s degree in business administration from The Chinese University of Hong Kong in November 2015.



Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining a high standard of corporate governance to safeguard the interest of its shareholders (the “**Shareholders**”). The Company has adopted and adhered to the principles in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” and the “**Listing Rules**”, respectively). The corporate governance principles of the Company places strong emphasis on an effective board with a high level of integrity, proper internal controls, as well as ensuring a high degree of transparency and accountability, which not only enhances the corporate value for the Shareholders but also protects the long-term sustainability of the Company and its subsidiaries (collectively, the “**Group**”).

Throughout the year ended 31 March 2018 (the “**Year**”) and up to the date of this annual report, the Company has complied with all the code provisions of the CG Code.

The Board of directors of the Company (the “**Directors**”, each a “**Director**”) (the “**Board**”) periodically reviews and continues to enhance the Company’s corporate governance policies to ensure compliance with the code provisions of the CG Code.

DIRECTORS

The Board

The Board, led by the chairman of the Board (the “**Chairman**”), is responsible for the leadership and control of the Company and is vested with the overall management of the Group’s business. The Board is collectively responsible for promoting the success of the Company, by making decisions objectively, having regard to the best interests of the Company at all times. The Board has delegated the authority and responsibility for the day-to-day management and operation of the Group to the senior management team of the Company. Such responsibilities include implementing the decisions of the Board, directing and co-ordinating day-to-day operations, managing the Group in accordance with the strategies and plans as approved by the Board, formulating and monitoring the operation and production plans and budgets, as well as supervising and monitoring the control systems. In addition, the Board has established Board committees and has delegated various responsibilities to these Board committees as set out in their respective terms of reference.

The Board undertakes responsibility for its decision for all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve a conflict of interest), financial information, appointment of Directors and other significant financial and operational matters.

With the assistance of the Company’s company secretary (the “**Company Secretary**”), the Chairman has sought to ensure that all Directors were properly consulted on all major matters relating to the Company. The Directors were sufficiently briefed on issues raised during Board meetings and that all relevant information had been received in a timely manner. To the extent that any of the Directors required independent professional advice, this would be met by the Group, at the Group’s expense, upon the Director having made a request to the Board.

Corporate Governance Report

Board Meetings and General Meeting

During the Year, the Board held five meetings. The attendance record of each Director in respect of the Board meetings for the Year as well as the annual general meeting of the Company (the "AGM") for the year ended 31 March 2017 is set out below:

Name of Director	Number of Board meeting(s) attended/eligible to attend	AGM attended/eligible to attend
<i>Executive Directors:</i>		
Mr. Lee Yuen Hong (Chairman) ("Mr. Lee")	4/5 <i>(Note)</i>	1/1
Mr. Lee Tsz Kin Kenji ("Mr. Kenji Lee")	4/5 <i>(Note)</i>	1/1
Mr. Cheung Yu To (resigned on 1 November 2017)	2/2	0/1
<i>Non-executive Directors (the "NEDs"):</i>		
Mr. Cheng Chung Fan	5/5	1/1
Mr. Wong Chi Kin	4/5	1/1
Mr. Cheng Yu Sang (resigned on 2 April 2018)	4/5	1/1
<i>Independent Non-executive Directors (the "INEDs"):</i>		
Mr. Goh Choo Hwee	5/5	0/1
Mr. Tang Man Tsz	5/5	1/1
Mr. Yim Kwok Man	5/5	0/1

Note: During the Year, the Board held 5 meetings, 4 of those were regular meetings. Another Board meeting was held for the connected transaction. As Mr. Lee had material interests in such transaction, he did not attend such Board meeting and did not vote on the relevant resolutions. For good corporate governance, Mr. Kenji Lee (the son of Mr. Lee) also did not attend this meeting to consider and vote on the relevant resolutions.

During the Year, apart from the Board meetings above, consents and/or approvals of the Board were also obtained by way of written resolutions on a number of matters.

Chairman and Chief Executive Officer

During the Year, the Chairman was Mr. Lee whilst the chief executive officer of the Company (the "Chief Executive Officer") was Mr. Pang Kwing Ho Peter. The Company has complied with code provision A.2.1 of the CG Code, which stipulates that the chairman and chief executive should be segregated and should not be performed by the same individual. The Chairman provides leadership for the Board, encouraging all Directors to be proactive in their contributions to the Company's affairs and ensures that the Directors act in the best interests of the Company. The Chief Executive Officer represents the management of the Company and is mainly responsible for overseeing the implementation of the Group's strategies, business objectives and management policies.



Corporate Governance Report

Board Composition

As at 31 March 2018, the Board comprised of eight Directors, including two executive Directors, three NEDs and three INEDs. The current composition of the Board is set out below:

Membership of Board Committee(s)	
<i>Executive Directors:</i>	
Mr. Lee (<i>Chairman</i>)	Chairman of the Nomination Committee Member of the Remuneration Committee
Mr. Kenji Lee	N/A
Mr. Cheung Yu To (resigned on 1 November 2017)	N/A
<i>NEDs:</i>	
Mr. Cheng Chung Fan	N/A
Mr. Wong Chi Kin	Member of the Audit Committee
Mr. Cheng Yu Sang (resigned on 2 April 2018)	N/A
<i>INEDs:</i>	
Mr. Goh Choo Hwee	Chairman of the Remuneration Committee Member of the Audit Committee Member of the Nomination Committee
Mr. Yim Kwok Man	Chairman of the Audit Committee
Mr. Tang Man Tsz	Member of the Remuneration Committee Member of the Nomination Committee

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. During the Year, the Board ensured that at least one-third of the Board comprised of INEDs and the minimum number of INEDs was three, as required under rules 3.10(1) and 3.10A of the Listing Rules. In addition, pursuant to rule 3.10(2) of the Listing Rules, the Board ensured that at least one of the INEDs possessed appropriate professional qualifications, or accounting or related financial management expertise. Mr. Yim Kwok Man is a fellow member of the Association of Chartered Certified Accountants in the UK and is a member of the Hong Kong Institute of Certified Public Accountants.

The Company has received an annual confirmation in writing from each of the INEDs of their independence pursuant to rule 3.13 of the Listing Rules. The Board is not aware of any circumstance which would affect the independence and exercise of impartial judgment from the INEDs. As such, the Board notes that all the INEDs are independent.

The biographies of the Directors are set out on pages 13 to 16 of this annual report. Save as disclosed in the section headed "Biographies of Directors and Senior Management" in this annual report, there is no family, financial or business relationship among the Directors, and in particular, between the Chairman and the Chief Executive Officer.

A full list of Directors is available on the respective websites of the Company and the Stock Exchange, and is disclosed in all corporate communications issued by the Company from time to time in accordance with the Listing Rules.

Corporate Governance Report

Directors' Liabilities Insurance

During the Year, the Company had arranged for appropriate and adequate insurance cover to protect the Directors from legal action arising from the performance of their duties as a Director. Such insurance coverage is reviewed and renewed on an annual basis.

Appointment, Re-Election and Removal of Directors

In compliance with the Listing Rules, and in accordance with the articles of association of the Company (the "Articles of Association"), (i) all NEDs should be appointed for specific terms, (ii) all Directors should be subject to retirement by rotation at least once every three years and are eligible for re-election, and (iii) any Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the next following general meeting of the Company and shall be subject to re-election at such meeting.

Continuous Professional Development

In compliance with code provision A.6.5 of the CG Code, the Company had arranged and funded suitable training for all the Directors to partake in continuous professional development. This was conducted by way of in-house training, seminars and other appropriate courses to develop and refresh their knowledge and understanding of the Group and its business or to update their skills and knowledge with respect to the latest development or changes in the relevant statutes, the Listing Rules and corporate governance practices as well as enhancing their awareness on the responsibilities for a director of a listed corporation. For example, the Directors and a majority of the members of the senior management attended a seminar on certain new Hong Kong Financial Reporting Standards delivered by the representatives of Ernst & Young, the Company's external auditors (the "Independent Auditors") on 20 March 2018.

A summary of the training received by the Directors for the Year is set out below:

Name of Director	Attending in-house training	Attending seminars and/or conferences	Reading materials
<i>Executive Directors:</i>			
Mr. Lee (Chairman)	✓	✓	✓
Mr. Kenji Lee	✓	✓	✓
Mr. Cheung Yu To (resigned on 1 November 2017)	✓	✓	✓
<i>NEDs:</i>			
Mr. Cheng Chung Fan	✓	✓	✓
Mr. Wong Chi Kin	✓	✓	✓
Mr. Cheng Yu Sang (resigned on 2 April 2018)	✓	✓	✓
<i>INEDs:</i>			
Mr. Goh Choo Hwee	✓	✓	✓
Mr. Tang Man Tsz	✓	✓	✓
Mr. Yim Kwok Man	✓	✓	✓



Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct governing the Directors’ securities transactions in the listed securities of the Company.

Following the specific enquiries made by the Company, all Directors confirmed that they had complied with the standards as set out in the Model Code for the Year and up to the date of this annual report.

BOARD COMMITTEES

The Board has established the Nomination Committee, Remuneration Committee and Audit Committee to oversee particular aspects of the Company’s affairs. Each of these Committees has specific written terms of reference setting out its duties and authority. The Committees have sufficient resources to execute their requisite duties and enjoy the support of management. To the extent that any independent professional advice is required, the Committees have access as necessary at the Group’s expense.

Nomination Committee

The primary duties of the Nomination Committee are (a) reviewing the structure, size and composition of the Board; (b) assessing the independence of INEDs; (c) identifying suitably qualified candidates to become members of the Board and giving adequate consideration to the Board Diversity Policy (as defined below); and (d) making recommendations to the Board on any proposed change to the Board or selection of individuals nominated for directorships, or on appointment or re-appointment of Directors. The current members of the Nomination Committee are Mr. Goh Choo Hwee and Mr. Tang Man Tsz, both being INEDs, and Mr. Lee, an executive Director. Mr. Lee is the chairman of the Nomination Committee.

The Board adopts a policy which recognises and embraces the benefits of diversity in the composition of the Board (the “**Board Diversity Policy**”). The Company believes that a diversity of perspectives can be achieved through a number of factors, including but not limited to knowledge, gender, age, skills, functional expertise, cultural and educational background as well as professional experience and qualifications. In reviewing the Board Diversity Policy, the Company will also take into account of factors based on its own business model and specific needs from time to time as well as the merits and contributions that the selected candidates will bring to the Board.



Corporate Governance Report

After considering the nature of the food and catering industry and the characteristics of the Group's business model, the Nomination Committee has considered that the current composition of the Board maintain an appropriate range and reflects the balance of skills, educational background, experience and diversity of perspectives desirable for the effective management of the Company. The Nomination Committee will continue to identify qualified candidates through merit based selection and candidates will be considered by using objective criteria, with due regard to the benefits of diversity on the Board.

The Nomination Committee will continue to review the Board Diversity Policy from time to time to ensure its continued effectiveness.

For the Year, the Nomination Committee held one meeting. All members, namely, Mr. Lee (Chairman), Mr. Goh Choo Hwee and Mr. Tang Man Tsz attended the meeting.

The terms of reference of the Nomination Committee is available on the respective websites of the Company and the Stock Exchange.

The work performed by the Nomination Committee during the Year is summarised as follows:

1. reviewed the structure, size and diversity of the Board;
2. reviewed the independence of the INEDs;
3. made recommendations to the Board on the nomination of Directors for re-election at the AGM; and
4. made recommendations to the Board on the nomination of Directors, with adequate consideration to the Board Diversity Policy, for the appointment of new Directors.



Corporate Governance Report

Remuneration Committee

The primary duties of the Remuneration Committee include (a) evaluating the performance and making recommendations to the Board on the Company's policies and structure for the remuneration of all of Directors and senior management of the Company; (b) establishing a formal and transparent procedure for developing a policy on remuneration; (c) determining specific remuneration packages for all executive Directors and senior management in the manner specified in its terms of reference; (d) making recommendations to the Board on the remuneration packages of INEDs; (e) reviewing the appropriateness and relevance of the remuneration policy; and (f) reviewing and making recommendations to the Board as to the fairness and reasonableness of the terms of any Director's service agreement which is subject to the approval of the Shareholders in general meeting pursuant to the Listing Rules. The current members of the Remuneration Committee are Mr. Goh Choo Hwee and Mr. Tang Man Tsz, both being INEDs, and Mr. Lee, an executive Director. Mr. Goh Choo Hwee is the chairman of the Remuneration Committee.

For the Year, one Remuneration Committee meeting was held. All members, namely Mr. Goh Choo Hwee (Chairman), Mr. Lee and Mr. Tang Man Tsz attended the meeting.

The terms of reference of the Remuneration Committee is available on the respective websites of the Company and the Stock Exchange.

The work performed by the Remuneration Committee during the Year summarised as follows:

1. made recommendations to the Board on the remuneration packages of the Directors, senior management and employees of the Group;
2. reviewed the appropriateness of the remuneration policy; and
3. evaluated the performance of all Directors and senior management of the Group.



Corporate Governance Report

Audit Committee

The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of the Company. The current members of the Audit Committee are Mr. Goh Choo Hwee and Mr. Yim Kwok Man, both being INEDs, and Mr. Wong Chi Kin, a NED. Mr. Yim Kwok Man is the chairman of the Audit Committee.

This annual report has been reviewed by the Audit Committee.

For the Year, the Audit Committee held two meetings. All members, namely Mr. Yim Kwok Man (Chairman), Mr. Goh Choo Hwee and Mr. Wong Chi Kin attended the meetings.

The terms of reference of the Audit Committee is available on the respective websites of the Company and the Stock Exchange.

The work performed by the Audit Committee during the Year is summarised below:

1. reviewed the Group's annual and interim reports, financial statements and the related results announcements, documents and other matters or issues raised by external auditors;
2. reviewed the findings from external auditors;
3. reviewed the independence of the external auditors and engagement of external auditors for annual audit;
4. reviewed the audit plans, internal control plan, the development in accounting standards and its effects on the Group, financial reporting and risk management matters;
5. reviewed the adequacy of resources, qualifications, experience of staff in the Group's accounting and financial reporting function as well as their training programmes and budget;
6. reviewed the changes in accounting policies and practices;
7. approved the current external audit plan, and reviewed and monitored the level of financial control as well as the effectiveness of the Group's risk management and internal control systems; and
8. assessed corporate governance compliance.



Corporate Governance Report

Corporate Governance Function

The Board is responsible for ensuring that the Company maintains and implements comprehensive corporate governance practices and procedures. During the Year, the Board:

- (1) established and reviewed the corporate governance policies and practices of the Company as well as made relevant recommendations;
- (2) reviewed and monitored the training and continuous professional development of the Directors and senior management of the Group;
- (3) reviewed and monitored the policies and practices of the Company to ensure compliance with relevant legal and regulatory requirements;
- (4) established, reviewed and monitored the code of conduct of Directors and employees of the Group; and
- (5) reviewed compliance with the CG Code and made necessary disclosure in the annual report.

This corporate governance report has been reviewed by the Board in fulfillment of its corporate governance responsibilities.

Whistleblowing system

There is a whistleblowing system applicable to all stakeholders including employees, shareholders, customers and suppliers. The system allows stakeholders to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The particulars of the Directors' remuneration for the Year are set out in note 8 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Biographies of Directors and Senior Management" in this annual report by band is set out below:

Band of remuneration (HK\$)	Number of individual(s)
Below HK\$1,500,000	1
Over HK\$2,000,000	1



Corporate Governance Report

ACCOUNTABILITY AND AUDIT

All Directors fully understand their responsibilities in publishing a clear and accurate assessment of the annual and interim reports, as well as price-sensitive or inside information and relevant disclosures by way of announcements as required under the Listing Rules. The Directors acknowledge responsibility for the preparation of the Group's financial statements and confirm the true and fair depiction of the Group's state of affairs. The Independent Auditor's statement regarding its reporting responsibilities in respect of the financial statements of the Group is set out on page 52 of the independent auditor's report. The Directors, having made the relevant enquiries, confirm that there are no material uncertainties relating to events which may affect the Company's ability to continue as a going concern.

For the Year, the fees paid or payable to the Independent Auditor are set out as follows:

	Fees paid/ payable HK\$'000
Audit service	1,980
Non-audit services:	
Review of interim condensed consolidated financial statements	300
Tax services	908
<hr/>	
Total	3,188

RISK MANAGEMENT AND INTERNAL CONTROL

The Group, observing the requirements of the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules, is upgrading its risk management and internal control systems in accordance with internationally recognised standards and principles. The management is responsible for the design, implementation and monitoring of the systems, and the Board, by establishing a risk management committee (the "**Risk Management Committee**"), oversees the systems on an ongoing basis. The Risk Management Committee overseeing the systems ensures that the risk management and internal control measures adopted are compatible with the Group's objectives, strategies and risk appetite.

The Board has directed that the effectiveness of the material controls of the systems be regularly reviewed, at least annually, and such a review must include financial, operational and compliance controls. The Board, based on reports of an annual review of the systems and having considered the adequacy of resources, staff qualifications and experience, training programs, has directed that adequate resources be allocated to meet the requirements in such respects.

The main features of the risk management and internal control systems adopted by the Group are described as below.



Corporate Governance Report

Risk Management System

In common with all business concerns, the Group strives to achieve its objectives amidst uncertainty and has adopted as a reference the risk management principles and guidelines under the International Standard ISO31000 to manage the effect of such uncertainty on its objectives. The risk management process, developed according to the standard as an integral part of the management, and tailored to and embedded in the business practices, comprises the following activities and phases.

Communication and consultation

Communication and consultation with stakeholders or risk owners being those in charge of legal entities, functional units or business processes are established, developed and exercised at all stages of the risk management process, to address issues arising from risks, causes, consequences and measures required to treat the risks.

Establishing the context

Desirable objectives are articulated, external as well as internal parameters are defined, and risk criteria is set in order to facilitate the conduction of risk management process.

Risk Assessment

It is the overall process of risk identification, risk analysis and risk evaluation.

- (a) Risk identification: through the network of communication and consultation established with stakeholders or risk owners, sources of risk, areas of impacts, events or changes in circumstances, causes and consequences are identified. Risks so identified are reported and recognised in the risk register to facilitate risk analysis and evaluation of their impact on the achievement of objectives.
- (b) Risk analysis: an understanding of the risks identified is obtained in order to consider the causes and sources of risk, their consequences whether favourable or unfavourable, likelihood, confidence in determining the level of risk and sensitivity to preconditions.
- (c) Risk evaluation: decision is made based on the outcome of risk analysis, about whether a particular risk needs treatment and corresponding priority for treatment implementation.

Risk treatment

Where a decision is made that a particular risk needs treatment, options are developed for modifying the risk by providing mitigation or appropriate controls in order to reduce the residual risk to a tolerable level.

- (a) Controls that address the key causes and impacts of the risk.
- (b) Controls that are designed and implemented consistent with the achievement of the corporate objectives and performance parameters.



Corporate Governance Report

Monitoring and review

- (a) Management reviews to ensure controls are effective and efficient in both design and operation at least annually.
- (b) Risk management performance is regularly monitored.
- (c) Risks and risk management performance are appropriately communicated to stakeholders or risk owners including those in charge of governance and those responsible for the management of legal entities, functional units or business processes.

The Board, with the assistance of the Risk Management Committee, evaluates the effectiveness of the systems for identifying and managing risks that are material to the achievement of corporate objectives.

Internal Control System

The Company has an internal control system designed and implemented according to the framework and principles as advocated by the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”) in 2013. The system thus developed allows the Group to achieve efficiency of operations, reliability of financial reporting and compliance with laws and regulations. The main components of the framework and the underlying principles that the Group observes are as follows:

Control Environment

Sound control environment is established by obtaining commitment at all levels to integrity and ethical values, appointing independent board of directors, enacting structures, organisations and processes with clear reporting lines, authorities and responsibilities, developing competences, and holding people accountable to internal control.

Risk Assessment

The risk assessment component under the COSO framework complements that under the International Standard ISO31000. It emphasises that clear objectives be firstly specified and risks to the achievement of objectives are then identified with specific reference to the need for considering potential for fraud and impact of significant internal and external changes.

Control Activities

Control activities are selected and developed as part of the treatment of risks identified. Controls are developed through policies and procedures, along with information technology controls selected and developed where appropriate.

Information and Communication

This component is concerned with establishing internal and external communication to provide the Group with quality information needed to carry out day-to-day controls in support of the achievement of its objectives. The communication component under the COSO framework and that under the International Standard ISO31000 are two sides of the same coin, with the former emphasising on information required to support the achievement of objectives and the latter on information required to address issues arising from risks or the impact of uncertainty on the achievement of objectives.



Corporate Governance Report

Monitoring

It refers to ongoing and separate evaluations conducted to ascertain whether material controls are appropriately developed and functioning effectively. Internal control deficiencies identified are evaluated and communicated to appropriate stakeholders.

Effectiveness of the Risk Management and Internal Control Systems

The Board through the Risk Management Committee has ongoing oversight of the Group's risk management and internal control systems. The Risk Management Committee holds regular meetings to review risks recognised in the risks register based on information from various stakeholders or risk owners. The Directors are kept regularly apprised of significant risks that may impact the Group's performance.

During the Year, the Board has engaged an external professional consulting firm to review the Group's risk management and internal control systems with a view to:

- Reviewing the adequacy and effectiveness of the Group's risk management and internal control systems insofar as the principal operations as identified are concerned; and
- Reporting on the findings of the review and recommendations to the Board.

On the findings and recommendations, the Board aims to upgrade the systems and gradually improve its capability of risk management and internal control through adopting internationally recognised standards and frameworks as summarised above. Accordingly, the Board considers the risk management and internal control systems of the Group to be effective and adequate. To ensure the effectiveness of risk management and internal control systems are maintained, the Board directs that more resources be assigned to develop controls, risk treatments and training in alignment with the continuing development of the Group.

Inside Information

Policies, procedures and controls for handling and dissemination of inside information has been set out internally to enhance information management of the Group and to ensure the authenticity, accuracy, completeness and timeliness of information disclosed to the public while protecting the legitimate rights and interests of the Company and its shareholders, creditors and other stakeholders as a whole.

Corporate Governance and Internal Audit

The Group believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. To enhance the quality of corporate governance, the Group has, therefore, established an internal audit function and outsourced part of the function to support its development needs.

The internal audit function is independent of the Group's daily operations and facilitates the Board on evaluating the effectiveness of the risk management and internal control systems by conducting interviews and performing tests on management and operational controls.

Internal audit work plans are developed and executed with approval of the Board, and with the support of experienced external consultants. The internal audit function is accountable to the Board through the Audit Committee.



Corporate Governance Report

DISSEMINATION OF INSIDE INFORMATION

The Company acknowledges its responsibilities under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the Listing Rules and the overriding principle that inside information should be announced promptly. The Company has established a policy for the disclosure of inside information (the “**Inside Information Disclosure Policy**”) with close regard to the “Guidelines on Disclosure of Inside Information” issued by the SFC.

The Inside Information Disclosure Policy includes, among other things:

- (a) only designated persons are authorised to communicate the Company’s corporate matters with investors, analysts, the media or other members of the investment community;
- (b) Directors or senior management shall report to the Chief Executive Officer any potential/suspected inside information as soon as practicable for him to consult (if appropriate) the Board thereafter for determining the nature of developments and, if required, making appropriate disclosure;
- (c) disclosure of inside information must be made in a manner that can provide for equal, timely and effective access by the public to the disclosed inside information; and
- (d) inside information must be kept strictly confidential until a public announcement is made and shall be disseminated in accordance with the requirements of the Listing Rules before it is released via other means.

DELEGATION BY THE BOARD

In general, the Board oversees the Company’s strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls operating and financial performance and sets appropriate policies for risk management in pursuit of the Group’s strategic objectives. The Board delegates the implementation of strategies and day-to-day operation of the Group to the management.

COMPANY SECRETARY

Mr. Kwok Siu Man (“**Mr. Kwok**”) is the Company Secretary. Mr. Kwok supports the Board by ensuring that reliable and relevant flow of information is maintained amongst members of the Board and that all procedures have been adhered to in accordance with applicable laws, rules and regulations.

Mr. Kwok is a fellow member of each of The Institute of Chartered Secretaries and Administrators and The Institute of Financial Accountants in England, the Institute of Public Accountants in Australia, The Hong Kong Institute of Chartered Secretaries, The Association of Hong Kong Accountants and The Hong Kong Institute of Directors. As Mr. Kwok was first appointed as the company secretary of a Hong Kong Hang Seng Index constituent stock company in 1991 and has been acting in such capacity for a number of other reputable companies listed on the Stock Exchange for a substantial amount of time, he was not required to have at least 15 hours of relevant continuous professional development training for each of the five consecutive years from 2012. Mr. Kwok had delivered and attended over 15 hours’ relevant seminars during the Year pursuant to rule 3.29 of the Listing Rules.

Mr. Kwok was nominated by Boardroom Corporate Services (HK) Limited (“**Boardroom**”) to be the Company Secretary on 1 September 2016 and since then, Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Mr. Kwok has been contacting in respect of company secretarial matters is Mr. Yang Dong John, the Group’s chief financial officer.



Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

Effective Communication

The Board recognises the importance of maintaining clear, timely and effective communication with Shareholders and investors of the Company. The Board also recognises that effective communication with the Company's investors is critical in establishing investor confidence and attracting new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure that the Shareholders and investors of the Company will receive accurate, clear, comprehensive and timely information through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on its website.

In respect of each matter to be considered at the AGM and extraordinary general meetings, including the re-election of Directors, a separate resolution will be proposed by the chairman of the relevant meeting. Voting at general meetings of the Company is conducted by way of poll in accordance with the Listing Rules. The poll results will be announced before the conclusion of the general meetings and published on the respective websites of the Stock Exchange and the Company. In addition, the Company regularly meets with institutional investors, financial analysts and financial media, and promptly releases information related to any significant progress of the Company, so as to promote the development of the Company through mutual and efficient communication.

The Chairman and members of the Board and chairmen of the various Board committees will attend the forthcoming AGM to be held on 24 August 2018 to answer questions raised by the Shareholders.

Pursuant to code provision E.1.2 of the CG Code, the Company will invite representatives of the Independent Auditor to attend the forthcoming AGM to answer Shareholders' questions regarding the conduct of the audit, the preparation and content of the independent auditor's report, the accounting policies and auditor's independence.

Shareholders' Rights

1. Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to article 58 of the Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Any requisition to convene an extraordinary general should be lodged at Room 1606–1608, 16/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong marked for the attention of the Company Secretary.



Corporate Governance Report

2. Procedures for Raising Enquiries

Shareholders may direct their queries regarding their shareholdings, share transfer/registration, payment of dividend and change of correspondence address to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited:

Address : Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Email : is-enquiries@hk.tricorglobal.com
Tel : (852) 2980 1333
Fax : (852) 2810 8185

Shareholders may raise enquiries in respect of the Company at the following correspondence address, email address and fax number of the Company for the attention of the Company Secretary:

Address : Room 1606–1608, 16/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories,
Hong Kong
Email : ir@tsuiwah.com
Fax : (852) 2541 2908

3. Procedures for Putting Forward Proposals at Shareholders' Meetings

(i) Proposal for election of a person other than a Director as a Director:

Pursuant to article 85 of the Articles of Association, a Shareholder who wishes to propose a person other than a retiring Director for election to the office of Director at any general meeting should lodge (i) a notice in writing by him/her/it (other than the person to be proposed) of his/her/its intention to propose that person for election as a Director; and (ii) a notice in writing by that person of his/her willingness to be elected, at either (a) the head office of the Company in Hong Kong at Room 1606–1608, 16/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong, or (b) the registration office of the Company in Hong Kong at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. The period for lodgement of the notices mentioned above will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

(ii) Other proposals:

If a Shareholder wishes to make other proposals (the "**Proposal(s)**") at a general meeting, he/she/it may lodge a written request, duly signed, at the head office of the Company in Hong Kong at Room 1606–1608, 16/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong marked for the attention of the Company Secretary.

The identity of the Shareholder and his/her/its request will be verified with the Company's branch share registrar in Hong Kong and upon confirmation by the share registrar that the request is proper and in order, and is made by a Shareholder, the Board will in its sole discretion decide whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.



Corporate Governance Report

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

- (1) Notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal requires approval in an AGM.
- (2) Notice of not less than 21 clear days and not less than 10 clear business days in writing if the Proposal requires approval by way of a special resolution in an extraordinary general meeting of the Company.
- (3) Notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal requires approval by way of an ordinary resolution in an extraordinary general meeting of the Company.

Constitutional Documents

Pursuant to a special resolution of the Shareholders passed on 5 November 2012, the amended and restated memorandum and articles of association of the Company (the "M&A") were adopted with effect from the date of the Listing. During the Year, there was no change in the M&A.

The M&A are available on the respective websites of the Company and the Stock Exchange.



Report of Directors

The directors of the Company (the “**Directors**”) present this report together with the audited financial statements of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2018 (the “**Year**”).

FAIR REVIEW OF BUSINESS

A fair review of the business of the Group together with a discussion and analysis of the Group’s performance during the Year, the material factors underlying its financial performance as well as the Group’s future business development are set forth in the “Chairman’s Statement” and the “Management Discussion and Analysis” sections of this annual report. An analysis of the Group’s performance during the Year using financial key performance indicators is set out in the Five Year Financial Summary of this annual report. The information relating to the Group’s food quality and safety, customers, suppliers, employees, community involvement and environmental protection will be set out in the “Environmental, Social and Governance Report” which can be viewed or downloaded from the Company’s official website no later than three months after the publication of this annual report.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in restaurant operation and sale of food. Details of the principal activities of the Company’s major subsidiaries are set out in note 1 to the financial statements.

The listing of and the dealing in the issued ordinary shares of the Company (the “**Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” and the “**Listing**”, respectively) commenced on 26 November 2012 (the “**Listing Date**”).

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that may cause a significant impact on the business and operation of the Group in the event of a material breach or non-compliance. During the Year, there was no material breach or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders in order to meet its immediate and long-term goals. During the Year, there was no material or significant dispute between the Group and its suppliers, customers and other stakeholders.

FINANCIAL RESULTS

The results of the Group for the Year are set out in the consolidated statements of profit or loss and the consolidated statement of comprehensive income on pages 57 and 58 of this annual report. The state of affairs of the Group as at 31 March 2018 is set out in the consolidated statement of financial position on pages 59 and 60. Please also refer to the accompanying notes to the consolidated financial statements.

CASH FLOW POSITION

The cash flow position of the Group for the Year is set out and analysed in the consolidated statement of cash flows on pages 62 and 63 of this annual report.



Report of Directors

DIVIDENDS

An interim dividend of HK2.0 cents (2017: HK2.0 cents) per Share in respect of the Year, totalling HK\$28,224,000 (2017: HK\$28,225,000) was paid on Thursday, 21 December 2017.

The board of Directors (the “**Board**”) has recommended the payment of a final dividend of HK1.5 cents (2017: HK1.5 cents) per Share in respect of the Year, totalling HK\$21,168,000 (2017: HK\$21,168,000) to the shareholders of the Company (the “**Shareholders**”) whose names will appear on the register of members of the Company (the “**Register of Members**”) on Friday, 31 August 2018, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the “**AGM**”). If the resolution for the proposed final dividend is passed at the forthcoming AGM, the proposed final dividend will be payable on or around Thursday, 13 September 2018.

The Board has also recommended the payment of a special dividend of HK1.5 cents (2017: HK2.0 cents) per Share in respect of the Year, totalling HK\$21,168,000 (2017: HK\$28,225,000) to the Shareholders whose names will appear on the Register of Members on Friday, 31 August 2018, subject to the approval of the Shareholders at the AGM. If the resolution for the proposed special dividend is passed at the AGM, the proposed special dividend will be payable on or around Thursday, 13 September 2018.

The Board is not aware of any Shareholders who have waived or agreed to waive any dividends.

Together with the interim dividend of HK2.0 cents per Share, and subject to the proposed final dividend and special dividend being approved by the Shareholders at the forthcoming AGM, total dividends for the Year will amount to HK5.0 cents per Share.

CLOSURE OF REGISTER OF MEMBERS

For AGM

The Register of Members will be closed from Tuesday, 21 August 2018 to Friday, 24 August 2018 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders’ entitlement to attend the forthcoming AGM which will be held on Friday, 24 August 2018. In order to qualify for attending and voting at the AGM, non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 20 August 2018.

For dividends

The Register of Members will be closed on Thursday, 30 August 2018 and Friday, 31 August 2018, during which period no transfer of Shares will be registered, for ascertaining Shareholders’ entitlement to receive the proposed final dividend and special dividend. In order to be eligible to receive the proposed final dividend and special dividend, non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 29 August 2018.



Report of Directors

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 134 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap 22 of the Cayman Islands, amounted to HK\$1,413,081,000 (31 March 2017: HK\$2,073,144,000). The amount of HK\$1,413,081,000 (31 March 2017: HK\$2,064,723,000) includes the Company's share premium, contributed surplus and retained profits, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, if any, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

RESERVES

Movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 61 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment of the Group for the Year are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital as at 31 March 2018 are set out in note 27 to the financial statements.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme on 5 November 2012 for the purpose of recognising the contribution of certain executives, employees and Directors (who were under full-time employment of the Group) to the growth of the Group and/or to the Listing by granting options to them as incentive or reward.

Other than the options under the Pre-IPO Share Option Scheme granted to the grantees (the "**Grantee(s)**") on or before 7 November 2012, no further options have since been or will be granted under the Pre-IPO Share Option Scheme. The exercise price per Share was HK\$2.27, which was equivalent to the offer price of HK\$2.27 per offer Share of the Company's global offering completed in late November 2012. All options granted under the Pre-IPO Share Option Scheme on or before 7 November 2012 might be exercised in the following manner:

Grantee(s)	Exercise period	Maximum percentage of options exercisable
Mr. Lee Yuen Hong ("Chairman Lee") and others	Commencing on the first anniversary date of the Listing Date upon fulfillment of certain conditions and ending on 25 November 2017	33% of the total number of options granted

Report of Directors

SHARE OPTION SCHEMES (Continued)

Pre-IPO Share Option Scheme (Continued)

Grantee(s)	Exercise period	Maximum percentage of options exercisable
	Commencing on the second anniversary date of the Listing Date upon fulfillment of certain conditions and ending on 25 November 2017	33% of the total number of options granted
	Commencing on the third anniversary date of the Listing Date upon fulfillment of certain conditions and ending on 25 November 2017	34% of the total number of options granted

Each Grantee was required to pay HK\$1.00 upon acceptance of the options granted under the Pre-IPO Share Option Scheme.

Options comprising 26,800,054 underlying Shares (2017: 26,800,054 underlying Shares) granted under the Pre-IPO Share Option Scheme lapsed on 25 November 2017 and the respective share option reserve of HK\$9,421,000 was transferred to retained earnings.

Details of the options which were granted, exercised or cancelled or lapsed under the Pre-IPO Share Option Scheme during the Year are as follows:

Grantee(s) ⁽¹⁾	Date of grant	Exercisable period ⁽¹⁾	Exercise price	Number of underlying Shares comprised in options				Balance as at 31 March 2018
				Balance as at 1 April 2017	Granted during the Year	Exercised during the Year	Cancelled or lapsed during the Year	
Chairman Lee	7 November 2012	26 November 2013 to 25 November 2017	HK\$2.27 per Share	13,200,027	-	-	13,200,027	-
	7 November 2012	26 November 2015 to 25 November 2017	HK\$2.27 per Share	13,600,027	-	-	13,600,027	-
				26,800,054	-	-	26,800,054	-

Notes:

- (1) Details of the options exercisable by the Grantee are set out on page 36–37 of this annual report.
- (2) As at 31 March 2018, there were no outstanding options under the Pre-IPO Share Option Scheme.



Report of Directors

SHARE OPTION SCHEMES *(Continued)*

Share Option Scheme

The Company adopted the Share Option Scheme on 5 November 2012 for the purpose of giving certain Eligible Persons (as defined below) an opportunity to have a personal stake in the Company and to motivate them to optimise their future performance and efficiency and/or to reward them for their past contributions, as well as to attract and retain, or otherwise maintain on-going relationships with, such Eligible Persons (defined below) who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. “**Eligible Persons**” refer to (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (an “**Affiliate**”); or (ii) the trustee of any trust, the beneficiary of which or any discretionary trust, the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is 133,333,400 Shares, representing approximately 9.45% of the Company’s issued share capital as at the date of this annual report. The maximum number of Shares issued and to be issued upon an exercise of the options granted under the Share Option Scheme to any one person (including exercised and outstanding options) in any 12-month period shall not exceed 1% (and for an independent non-executive Director (the “**INED**”) or a substantial shareholder (as defined in the Listing Rules) of the Company or their respective associates (as defined in the Listing Rules), 0.1% or the value of HK\$5 million) of the Shares in issue from time to time. Any further grant of options in excess of the aforesaid limit shall be subject to, among other requirements, the approval from the Shareholders in general meetings.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised in general. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion. Eligible Persons are required to pay HK\$1 and submit a duly signed offer letter to the Company as consideration for the grant. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of the Share on the grant date of the relevant option;
- (b) the closing price of a Share as stated in the Stock Exchange’s daily quotation sheet on the grant date of the relevant option; and
- (c) the average of the closing prices of a Share as stated in the Stock Exchange’s daily quotation sheet for the five business days immediately preceding the grant date of the relevant option.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to the termination of the Share Option Scheme and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of the Share Option Scheme.



Report of Directors

SHARE OPTION SCHEMES *(Continued)*

Share Option Scheme *(Continued)*

Since the Listing Date and during the Year, no options were granted by the Board under the Share Option Scheme.

Further details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in note 28 to the financial statements.

DIRECTORS

The Directors who held office during the Year and up to the date of this annual report are:

Executive Directors

Mr. Lee Yuen Hong ("**Chairman Lee**") (*Chairman*)

Mr. Lee Tsz Kin Kenji ("**Mr. Kenji Lee**")

Mr. Cheung Yu To ("**Mr. YT Cheung**") (resigned on 1 November 2017)

NEDs:

Mr. Cheng Chung Fan

Mr. Wong Chi Kin

Mr. Cheng Yu Sang (resigned on 2 April 2018)

INEDs:

Mr. Goh Choo Hwee

Mr. Tang Man Tsz

Mr. Yim Kwok Man

Pursuant to article 84(1) of the Company's articles of association (the "**Articles of Association**"), one-third of the Directors will retire by rotation at each AGM. In addition, code provision A.4.2 of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**" and the "**CG Code**", respectively) stipulates that each Director shall retire from office by rotation at least once every three years.

Pursuant to article 84(2) of the Articles of Association, the Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Accordingly, Mr. Kenji Lee, Mr. Wong Chi Kin and Mr. Goh Choo Hwee will retire by rotation and being eligible have offered themselves for re-election at the forthcoming AGM to be held on Friday, 24 August 2018.

The Company has received from each of the INEDs an annual written confirmation of his independence pursuant to rule 3.13 of the Listing Rules. As such, the Company notes that all the INEDs are independent.

Report of Directors

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Company are set out on pages 13 to 16 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2018, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Interest in the Shares

Name of Directors	Nature of interest	Number of Shares	Approximate percentage ⁽⁵⁾
Chairman Lee ^(1, 2 and 3)	Interests held jointly with another person; interest in a controlled corporation	878,956,000 (L)	62.28%
Mr. Kenji Lee	Beneficial interest	136,000 (L)	0.01%

(L) denotes long position

Notes:

- (1) Pursuant to a deed of confirmation dated 5 November 2012 and entered into by Chairman Lee, Mr. Ho Ting Chi, Mr. Cheung Yue Pui, Mr. YT Cheung and Mr. Cheung Wai Keung (all the latter four individuals being former Directors) (the "Deed of Confirmation"), they have agreed to jointly control their respective interests in the Company and decisions as to the business and operations of the Group shall be made in accordance with the unanimous consent of all of them.

Each of Chairman Lee, Mr. Ho Ting Chi, Mr. YT Cheung and Mr. Cheung Wai Keung shall exercise their respective voting rights in the Company in the same way. Hence, each of Chairman Lee, Mr. Ho Ting Chi, Mr. Cheung Yue Pui, Mr. YT Cheung and Mr. Cheung Wai Keung is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.

- (2) Options comprising 26,800,054 underlying Shares granted under the Pre-IPO Share Option Scheme to Chairman Lee lapsed on 25 November 2017.
- (3) Of the 878,956,000 Shares, 770,092,000 Shares were held by Cui Fa Limited ("Cui Fa"), 65,408,000 Shares were held by Ample Favour Limited and 43,456,000 Shares were held by Victor Leap Limited. As at 31 March 2018, Cui Fa was held as to approximately 49.90%, 36.12% and 13.98% by Chairman Lee, Mr. Ho Ting Chi and Mr. YT Cheung, respectively and Chairman Lee, Mr. Ho Ting Chi, Mr. YT Cheung and Mr. Kenji Lee were the directors of Cui Fa. The issued share capital of Ample Favour Limited and Victor Leap Limited was held by Mr. Cheung Wai Keung and Mr. Cheung Yue Pui, respectively.
- (4) Mr. YT Cheung ceased to be a Director on 1 November 2017.
- (5) These percentages are calculated on the basis of 1,411,226,450 Shares in issue as at 31 March 2018.



Report of Directors

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Interest in the shares of Cui Fa Limited — the immediate holding company of the Company

Name of Directors	Nature of interest	Approximate percentage
Chairman Lee ⁽¹⁾	Beneficial interest	49.90%

Note: By virtue of the Deed of Confirmation, each of Chairman Lee and Mr. YT Cheung is deemed to be interested in the same parcel of Shares in which Cui Fa is interested or is deemed to be interested.

Save as disclosed above, as at 31 March 2018, none of the Directors, chief executive of the Company or their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Pre-IPO Share Option Scheme" in this report above and note 35 to the financial statements, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements which enable the Directors and the chief executives of the Company to acquire benefits by means of an acquisition of shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the year under review.

Report of Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2018, so far as the Directors or chief executive of the Company are aware, the following corporation and persons other than a Director or chief executive of the Company had an interest or a short position in the Shares and underlying Shares, which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Shareholders	Capacity	Number of Shares	Approximate percentage ⁽⁸⁾
Ms. Chan Choi Fung ⁽¹⁾	Interest of spouse	878,956,000 (L)	62.28%
Mr. Ho Ting Chi ⁽²⁾	Interests held jointly with another person; interest in a controlled corporation	878,956,000 (L)	62.28%
Mr. YT Cheung ⁽²⁾	Interests held jointly with another person; interest in a controlled corporation	878,956,000 (L)	62.28%
Mr. Cheung Yue Pui ⁽²⁾	Interests held jointly with another person; interest in a controlled corporation	878,956,000 (L)	62.28%
Mr. Cheung Wai Keung ⁽²⁾	Interests held jointly with another person; interest in a controlled corporation	878,956,000 (L)	62.28%
Ms. Woo Chun Li ⁽³⁾	Interest of spouse	878,956,000 (L)	62.28%
Ms. Tai Ngan Har Talia ⁽⁴⁾	Interest of spouse	878,956,000 (L)	62.28%
Ms. Lam Hiu Man ⁽⁵⁾	Interest of spouse	878,956,000 (L)	62.28%
Ms. Lui Ning ⁽⁶⁾	Interest of spouse	878,956,000 (L)	62.28%
Cui Fa Limited ⁽⁷⁾	Beneficial interest	770,092,000 (L)	54.57%

(L) denotes long position



Report of Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

- (1) Ms. Chan Choi Fung is the wife of Chairman Lee. Under the SFO, Ms. Chan Choi Fung is deemed to be interested in the same number of Shares in which Chairman Lee is interested or is deemed to be interested.
- (2) Pursuant to the Deed of Confirmation, Chairman Lee, Mr. Ho Ting Chi, Mr. Cheung Yue Pui, Mr. YT Cheung and Mr. Cheung Wai Keung have agreed to jointly control their respective interests in the Company and decisions as to the business and operations of the Group shall be made in accordance with the unanimous consent of all of them. Each of Chairman Lee, Mr. Ho Ting Chi, Mr. Cheung Yue Pui, Mr. YT Cheung and Mr. Cheung Wai Keung shall exercise their respective voting rights in the Company in the same way. Hence, each of Chairman Lee, Mr. Ho Ting Chi, Mr. Cheung Yue Pui, Mr. YT Cheung and Mr. Cheung Wai Keung is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
- (3) Ms. Woo Chun Li is the wife of Mr. Cheung Wai Keung. Under the SFO, Ms. Woo Chun Li is deemed to be interested in the same number of Shares in which Mr. Cheung Wai Keung is interested or is deemed to be interested.
- (4) Ms. Tai Ngan Har Talia is the wife of Mr. Ho Ting Chi. Under the SFO, Ms. Tai Ngan Har Talia is deemed to be interested in the same number of Shares in which Mr. Ho Ting Chi is interested or is deemed to be interested.
- (5) Ms. Lam Hiu Man is the wife of Mr. Cheung Yue Pui. Under the SFO, Ms. Lam Hiu Man is deemed to be interested in the same number of Shares in which Mr. Cheung Yue Pui is interested or is deemed to be interested.
- (6) Ms. Lui Ning is the wife of Mr. Cheung Yu To. Under the SFO, Ms. Lui Ning is deemed to be interested in the same number of Shares in which Mr. Cheung Yu To is interested or is deemed to be interested.
- (7) As at 31 March 2018, Cui Fa Limited was held as to approximately 49.90%, 36.12% and 13.98% by Chairman Lee, Mr. Ho Ting Chi and Mr. YT Cheung, respectively.
- (8) These percentages are calculated on the basis of 1,411,226,450 Shares in issue as at 31 March 2018.

Save as disclosed above, as at 31 March 2018, so far as is known to the Directors or chief executive of the Company, there was no other corporation/person other than a Director or chief executive of the Company having an interest or a short position in the Shares and underlying Shares, which would be required to be disclosed to the Company pursuant to Part XV of the SFO or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed on pages 46 to 49 of this annual report and note 35 to the financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries or associates was a party and in which any Director or controlling shareholder (as defined in the Listing Rules) of the Company (the "**Controlling Shareholders**") had a material interest, whether directly or indirectly, subsisting at the end of the Year or at any time during the Year.



Report of Directors

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company. Chairman Lee and Mr. Kenji Lee entered into their service agreements for a term of three years, respectively. For Chairman Lee, his service agreement commenced on 5 November 2015, and for Mr. Kenji Lee, his service agreement commenced on 1 November 2016.

Each of the NEDs, namely Mr. Cheng Chung Fan and Mr. Wong Chi Kin, has entered into an appointment letter with the Company for a term of three years commencing on 1 November 2016, and such appointment letters may be terminated in accordance with the terms of the appointment letters.

Mr. Yim Kwok Man and Mr. Goh Choo Hwee were appointed as INEDs pursuant to their respective letters of appointment dated 5 November 2012, for an initial term of three years commencing on the Listing Date, which had been renewed for three further years commencing on 5 November 2015. Such appointments may be terminated in accordance with the terms of their letters of appointment.

Mr. Tang Man Tsz was appointed as an INED pursuant to his letter of appointment dated 1 November 2016 for a term of three years commencing on 1 November 2016.

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company or any member of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person engaged under the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

DIRECTORS' REMUNERATION

The remuneration committee of the Company (the "**Remuneration Committee**") makes recommendations to the Board on the remuneration and other benefits payable by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. Details of the Directors' remuneration are set out in note 8 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Year, the Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.



Report of Directors

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed “Share Option Schemes” in this report, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Year or existed at the end of such Year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout the Year. The Company has arranged for appropriate directors’ and officers’ liability insurance coverage for the Directors and officers of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the aggregate sales attributable to the Group’s five largest customers were under 30%. The aggregate purchases attributable to the Group’s five largest suppliers during the Year were 6.3%, 6.2%, 5.6%, 5.5% and 4.9%, respectively.

None of the Directors, their respective associates (as defined in the Listing Rules) or any Shareholders, which to the best knowledge of the Directors, owns more than 5% of the Company’s issued share capital, has any interests in the share capital of any of the above five largest customers or suppliers of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient public float for the issued Shares (i.e. at least 25% of the issued Shares being held by the public) as required under the Listing Rules.

DEED OF NON-COMPETITION

Each of the Controlling Shareholders has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 7 November 2012. The INEDs have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition had been complied with by the Controlling Shareholders and duly enforced since the Listing Date and up to the date of this annual report.

RETIREMENT BENEFIT SCHEMES

Details of the Group’s retirement benefit schemes are set out in note 3.1 to the financial statements.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in note 41 to the financial statements of the Group for the Year set out in this annual report, the Group did not have any other material subsequent event after the reporting period and up to the date of this annual report.

Report of Directors

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

(A) Non-exempt Continuing Connected Transactions Subject to Reporting and Announcement Requirements

Property lease agreements

Des Voeux Road Central Tsui Wah Restaurant

On 27 March 2015, Joy Express Limited (“**Joy Express**”) (as landlord) and Tsui Wah Catering Limited, an indirect wholly-owned subsidiary of the Company (as tenant) entered into a lease agreement (the “**Lease Agreement A**”) in respect of the premises of a total saleable floor area of approximately 502.7 sq.m. located at G/F and the basement, Cheong K. Building, 84–86 Des Voeux Road Central, Central, Hong Kong (the “**Des Voeux Road Central Premises**”). Pursuant to the Lease Agreement A, the lease was for a term of three years from 1 April 2015 to 31 March 2018 and the annual rent for the Year was HK\$13,980,000. The annual cap for the rent payable by Tsui Wah Catering Limited to Joy Express in respect of the Des Voeux Road Central Premises for the Year was HK\$13,980,000.

During the Year, the aggregate rent paid by Tsui Wah Catering Limited to Joy Express was HK\$13,662,000.

Joy Express is principally engaged in the business of property investment. It is owned as to 40% and 10% by Chairman Lee, a Director and Mr. Ho Ting Chi, Mr. YT Cheung, a Director in the last 12 months, respectively, and Joy Express is, therefore, an associate of a connected person of the Company under the Listing Rules.

On 22 March 2018, Joy Express (as landlord) and Ever Million Rich Limited, an indirect wholly-owned subsidiary of the Company (as tenant) entered into a new lease agreement to renew the Lease Agreement A in respect of the Des Voeux Road Central Premises for a term of three years from 1 April 2018 to 31 March 2021. The annual rent for each of the years ending 31 March 2019, 31 March 2020 and 31 March 2021 is HK\$13,281,000.

The following sets forth the historical transaction amounts and the proposed annual caps:

	For year 2016 (from 1 April 2015 to 31 March 2016) HK\$	For year 2017 (from 1 April 2016 to 31 March 2017) HK\$	For year 2018 (from 1 April 2017 to 31 March 2018) HK\$	For year 2019 (from 1 April 2018 to 31 March 2019) HK\$	For year 2020 (from 1 April 2019 to 31 March 2020) HK\$	For year 2021 (from 1 April 2020 to 31 March 2021) HK\$
Des Voeux Road Central Premises	13,980,000	13,980,000	13,980,000	13,281,000	13,281,000	13,281,000

Report of Directors

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

(Continued)

(A) Non-exempt Continuing Connected Transactions Subject to Reporting and Announcement Requirements (Continued)

Property lease agreements (Continued)

Aberdeen Tsui Wah Restaurant

On 27 March 2015, Champion Stage Limited (“**Champion Stage**”) (as landlord) and Royal Gold International Limited, an indirect wholly-owned subsidiary of the Company (as tenant) entered into a lease agreement (the “**Lease Agreement B**”) in respect of the premises of a total saleable floor area of approximately 344.76 sq.m. located at Shops 1, 2, 3 and 10 on Lower Ground Floor, Comfort Centre, No. 108 Old Main Street, Aberdeen and No. 18 Yue Fai Road, Hong Kong (the “**Aberdeen Premises**”). Pursuant to the Lease Agreement B, the lease was for a term of three years from 1 April 2015 to 31 March 2018 and the annual rent for the Year was HK\$2,340,000. The annual cap for the rent payable by Royal Gold International Limited to Champion Stage in respect of the Aberdeen Premises for the Year was HK\$2,340,000.

During the Year, the aggregate rent paid by Royal Gold International Limited to Champion Stage was HK\$2,275,000.

Champion Stage is owned as to 50% and 12.5% by Chairman Lee, a Director and Mr. YT Cheung, a Director in the last 12 months, respectively, and Champion Stage is, therefore, an associate of a connected person of the Company under the Listing Rules.

On 22 March 2018, Champion Stage (as landlord) and Ever Million Rich Limited (as tenant) entered into a new lease agreement to renew the Lease Agreement B in respect of the Aberdeen Premises for a term of three years from 1 April 2018 to 31 March 2021. The annual rent for each of the years ending 31 March 2019, 31 March 2020 and 31 March 2021 is HK\$2,223,000.

The following sets forth the historical transaction amounts and the proposed annual caps:

	For year 2016 (from 1 April 2015 to 31 March 2016) HK\$	For year 2017 (from 1 April 2016 to 31 March 2017) HK\$	For year 2018 (from 1 April 2017 to 31 March 2018) HK\$	For year 2019 (from 1 April 2018 to 31 March 2019) HK\$	For year 2020 (from 1 April 2019 to 31 March 2020) HK\$	For year 2021 (from 1 April 2020 to 31 March 2021) HK\$
Aberdeen Premises	2,340,000	2,340,000	2,340,000	2,223,000	2,223,000	2,223,000

Report of Directors

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

(Continued)

(A) Non-exempt Continuing Connected Transactions Subject to Reporting and Announcement Requirements (Continued)

Property lease agreements (Continued)

Hung To Road Tsui Wah Restaurant and Catering Services Centre

On 27 March 2015, Success Path Limited (“**Success Path**”) (as landlord) and Richberg Development Limited, an indirect wholly-owned subsidiary of the Company (as tenant) entered into a lease agreement (the “**Lease Agreement C**”) in respect of the premises of a total saleable floor area of approximately 834.73 sq.m. located at G/F, 1/F and 2/F, Tsui Wah Group Centre, 50 Lai Yip Street, Ngau Tau Kok, Kowloon, Hong Kong (the “**Hung To Road Premises**”). Pursuant to the Lease Agreement C, the lease is for a term of three years from 1 April 2015 to 31 March 2018 and the annual rent for the Year was HK\$3,300,000. The annual cap for the rent payable by Richberg Development Limited to Success Path in respect of the Hung To Road Premises for the Year was HK\$3,300,000.

During the Year, the aggregate rent paid by Richberg Development Limited to Success Path was HK\$3,208,000.

On 25 April 2018, Success Path (as landlord) and Ever Million Rich Limited, an indirect wholly-owned subsidiary of the Company (as tenant) entered into a new lease agreement to renew the Lease Agreement C in respect of the Hung To Road Premises for a term of one year from 18 April 2018 to 17 April 2019 and the annual rent for the above term is HK\$3,135,000. As the Group had continued to use the Hung To Road Premises after the expiry of the Lease Agreement C but before the commencement of the new term, i.e. during the period from 1 to 17 April 2018, the parties to the Lease Agreement C also entered into a confirmation, pursuant to which the rental amount for such period had been agreed to be HK\$155,833.33, which was calculated by reference to the monthly rent amount under the Lease Agreement C on a pro-rata basis.

The following sets forth the historical transaction amounts and the proposed annual caps:

	For year 2016 (from 1 April 2015 to 31 March 2016) HK\$	For year 2017 (from 1 April 2016 to 31 March 2017) HK\$	For year 2018 (from 1 April 2017 to 31 March 2018) HK\$	For year 2019 (from 1 April 2018 to 31 March 2019) HK\$	For year 2020 (from 1 April 2019 to 31 March 2020) HK\$
Hung To Road Premises	3,300,000	3,300,000	3,300,000	3,142,791*	148,042

* Including HK\$155,833.33, being the rental for the period from 1 to 17 April 2018

Success Path is owned as to 40% by Chairman Lee, a Director and 30% by Mr. YT Cheung, a Director in the last 12 months, and Success Path is, therefore, an associate of a connected person of the Company under the Listing Rules.



Report of Directors

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

(Continued)

(A) Non-exempt Continuing Connected Transactions Subject to Reporting and Announcement Requirements *(Continued)*

Confirmations from the INEDs and the Independent Auditors

Pursuant to rule 14A.55 of the Listing Rules, the INEDs have reviewed the continuing connected transactions for the Year and confirmed that the transactions had been entered into:

- (i) in the ordinary and usual course of the business of the Group;
- (ii) on normal or better commercial terms; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Independent Auditors were engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The Independent Auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions by the Group disclosed above in accordance with rule 14A.56 of the Listing Rules. A copy of the Independent Auditors' letter has been provided by the Company to the Stock Exchange.

Details of the above continuing connected transactions have been disclosed in accordance with Chapter 14A of the Listing Rules and are set out in the announcements of the Company, which are available on the respective websites of the Stock Exchange and the Company.

Confirmations from the Company

The Company has conducted a review of its continuing connected transactions and confirmed that all such transactions had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

(B) Related Party Transactions

Details of significant related party transactions undertaken in the normal course of business of the Group for the Year are provided under note 35 to the financial statements. None of these related party transactions constitutes a connected transaction as defined under the Listing Rules that is required to be disclosed, except for those described above in the paragraphs headed "(A) Non-exempt Continuing Connected Transactions Subject to Reporting and Announcement Requirements", in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.



Report of Directors

USE OF PROCEEDS FROM THE LISTING

The issued Shares were initially listed on 26 November 2012 on the Stock Exchange. The total net proceeds from the Listing which involved the issue of 383,334,000 Shares of HK\$0.01 each of the Company at HK\$2.27 each amounted to approximately HK\$794.4 million. During the Year, the net proceeds from the Listing were utilised in accordance with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 14 November 2012 (the “**Prospectus**”). The balance of such proceeds would be utilised according to the use as disclosed in the Prospectus. Details of the use of net proceeds are set out on page 10 of this annual report. The Group held the unutilised net proceeds in short-term deposits with licensed institutions in Hong Kong.

DONATIONS

During the Year, charitable donations of HK\$51,500 were made by the Group (31 March 2017: HK\$90,088).

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee was established on 5 November 2012 with specific written terms of reference in compliance with rule 3.22 of the Listing Rules and code provision C.3 of the CG Code. It is responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any issues regarding the resignation or dismissal of the auditor. The Audit Committee also monitors the integrity of financial statements, annual reports and accounts, interim reports and quarterly reports (if prepared for publication), and reviews material financial reporting judgments therein, as well as reviewing the financing control, internal control and risk management systems.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with senior management and discussed the auditing, internal control and financial reporting matters, including the review of the draft audited consolidated financial statements of the Group for the Year. The financial statements for the Year have been audited by the Independent Auditors.

CORPORATE GOVERNANCE

The principal corporate governance practices as adopted by the Company are set out in the “Corporate Governance Report” on pages 17 to 33 of this annual report.

RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.



Report of **Directors**

INDEPENDENT AUDITORS

Ernst & Young, the Independent Auditors, will retire at the conclusion of the forthcoming AGM and being eligible, offer themselves for re-appointment. A resolution will be submitted to the forthcoming AGM to be held on Friday, 24 August 2018 to seek Shareholders' approval on the appointment of Ernst & Young as the Independent Auditors until the conclusion of the next AGM and to authorise the Board to fix their remuneration.

By order of the Board

Lee Yuen Hong

Chairman

Hong Kong, 28 June 2018



Independent Auditor's Report



To the members of Tsui Wah Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Tsui Wah Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 57 to 133, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Independent Auditor's Report (continued)

To the members of Tsui Wah Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (Continued)

Key audit matter

How our audit addressed the key audit matter

Property, plant and equipment impairment assessment

At 31 March 2018, the Group had net unimpaired property, plant and equipment balance of HK\$502,671,000 (after accumulated impairment of HK\$27,777,000), which represented approximately 32% of the Group's total assets. Impairment assessment was conducted for property, plant and equipment of loss-making restaurants. The management considers each restaurant as an individual cash-generating unit as each restaurant generates independent cash flows, which are largely independent of the cash flows generated by other assets. The Group determines impairment provision based on the cash flow forecasts of loss-making restaurants. The evaluation process is inherently subjective, and dependent on a number of estimates such as sales growth rate.

The significant accounting judgements and estimates and disclosure of balance of property, plant and equipment are included in notes 3.2 and 13 to the consolidated financial statements.

Recognition of deferred tax assets

As at 31 March 2018, deferred tax assets recognised by the Group amounted to HK\$22,332,000. At the end of the reporting period, the tax impact of unrecognised tax losses in Hong Kong and Mainland China at applicable tax rates at 31 March 2018 were approximately HK\$23,053,000 and HK\$16,031,000, respectively. Significant management judgement is involved to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits generated by the respective companies in the Group.

The significant accounting judgements and estimates and disclosures of the recognition of deferred tax assets are included in notes 3.2 and 26 to the consolidated financial statements.

Our audit procedures included, among others, evaluating the Group's policies and procedures in identifying impairment indicators and assessing management's significant assumptions adopted, in particular those relating to the cash flow forecasts by reviewing the Group's business plan, comparing with market discount rate and inflation rate and evaluating the growth rate by checking to market data such as forecasted number of tourists. Besides, our procedures also included a comparison of the cash flow forecasts with historical data of the Group.

Our audit procedures included, among others, reviewing of profit forecasts and the Group's latest tax strategies and strategic business plan to ascertain if sufficient taxable profits could be generated in the future to utilise the tax losses. We discussed with management and assessed the profit forecasts and the business plan by comparing the key assumptions such as growth rate to market data such as tourists growth rate and historical data such as gross profit margins and key operating costs.



Independent Auditor's Report (continued)

To the members of Tsui Wah Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent Auditor's Report (continued)

To the members of Tsui Wah Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

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

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



Independent **Auditor's Report (continued)**

To the members of Tsui Wah Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Dilys Chau Suet Fung.

Ernst & Young

Certified Public Accountants

22/F, CITIC Tower

1 Tim Mei Avenue

Central, Hong Kong

28 June 2018

Consolidated Statement of Profit or Loss

Year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
REVENUE	5	1,839,754	1,845,405
Other income and gains	5	12,580	15,277
Cost of inventories sold		(512,382)	(512,097)
Staff costs		(530,965)	(531,072)
Depreciation and amortisation		(106,456)	(110,628)
Property rentals and related expenses		(338,537)	(315,279)
Fuel and utility expenses		(86,465)	(90,429)
Selling and distribution expenses		(41,761)	(30,761)
Other operating expenses		(166,740)	(172,770)
Finance costs	6	(1,645)	(1,559)
Share of profits of joint ventures	17	39,378	31,893
PROFIT BEFORE TAX	7	106,761	127,980
Income tax expense	10	(25,991)	(37,282)
PROFIT FOR THE YEAR		80,770	90,698
Attributable to:			
Owners of the Company		80,205	90,483
Non-controlling interests		565	215
		80,770	90,698
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic		HK5.68 cents	HK6.41 cents
Diluted		N/A	HK6.41 cents

Consolidated Statement of Comprehensive Income

Year ended 31 March 2018

	2018 HK\$'000	2017 HK\$'000
PROFIT FOR THE YEAR	80,770	90,698
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	53,400	(28,914)
Reclassification adjustments for foreign operations deregistered during the year	(596)	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	133,574	61,784
Attributable to:		
Owners of the Company	133,009	61,569
Non-controlling interests	565	215
	133,574	61,784

Consolidated Statement of Financial Position

31 March 2018

	<i>Notes</i>	2018 HK\$'000	2017 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	502,671	603,690
Investment properties	14	128,704	–
Prepaid land lease payments	15	25,576	67,595
Intangible assets	16	7,521	5,501
Investments in joint ventures	17	68,681	64,497
Prepayments and deposits paid in advance for purchase of property, plant and equipment		66,941	35,377
Non-current deposits	20	99,714	49,052
Deferred tax assets	26	22,332	18,950
Total non-current assets		922,140	844,662
CURRENT ASSETS			
Inventories	18	19,062	18,312
Trade receivables	19	8,134	7,641
Prepayments, deposits and other receivables	20	92,008	98,352
Tax recoverable		5,805	9,048
Pledged time deposits	21	9,102	8,098
Cash and cash equivalents	21	509,987	496,604
Total current assets		644,098	638,055
CURRENT LIABILITIES			
Trade payables	22	89,104	77,044
Other payables and accruals	23	141,520	151,303
Interest-bearing bank borrowings	24	66,832	71,485
Finance lease payables	25	196	–
Tax payable		5,614	4,200
Total current liabilities		303,266	304,032
NET CURRENT ASSETS		340,832	334,023
TOTAL ASSETS LESS CURRENT LIABILITIES		1,262,972	1,178,685

Consolidated Statement of Financial Position (continued)

31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
NON-CURRENT LIABILITIES			
Other payable and accruals	23	42,620	17,294
Finance lease payables	25	529	–
Deferred tax liabilities	26	3,808	1,083
Total non-current liabilities		46,957	18,377
Net assets		1,216,015	1,160,308
EQUITY			
Equity attributable to owners of the Company			
Issued capital	27	14,112	14,112
Reserves	29	1,200,293	1,144,901
		1,214,405	1,159,013
Non-controlling interests		1,610	1,295
Total equity		1,216,015	1,160,308

Lee Yuen Hong
Director

Lee Tsz Kin Kenji
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2018

	Attributable to owners of the Company										
	Note	Issued capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Statutory reserve HK\$'000 (Note 29(ii))	Merger reserve HK\$'000 (Note 29(i))	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2016		14,112	855,973	9,421	11,992	(8,434)	(26,853)	313,206	1,169,417	1,080	1,170,497
Profit for the year		-	-	-	-	-	-	90,483	90,483	215	90,698
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations		-	-	-	-	-	(28,914)	-	(28,914)	-	(28,914)
Total comprehensive income for the year		-	-	-	-	-	(28,914)	90,483	61,569	215	61,784
2016 special dividend		-	-	-	-	-	-	(22,580)	(22,580)	-	(22,580)
2016 final dividend		-	-	-	-	-	-	(21,168)	(21,168)	-	(21,168)
2017 interim dividend	11	-	-	-	-	-	-	(28,225)	(28,225)	-	(28,225)
Transfer to statutory reserve		-	-	-	3,820	-	-	(3,820)	-	-	-
At 31 March 2017		14,112	855,973*	9,421*	15,812*	(8,434)*	(55,767)*	327,896*	1,159,013	1,295	1,160,308
At 1 April 2017		14,112	855,973	9,421	15,812	(8,434)	(55,767)	327,896	1,159,013	1,295	1,160,308
Profit for the year		-	-	-	-	-	-	80,205	80,205	565	80,770
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations		-	-	-	-	-	53,400	-	53,400	-	53,400
Reclassification adjustments for foreign operators deregistered during the year		-	-	-	-	-	(596)	-	(596)	-	(596)
Total comprehensive income for the year		-	-	-	-	-	52,804	80,205	133,009	565	133,574
2017 special dividend	11	-	-	-	-	-	-	(28,225)	(28,225)	-	(28,225)
2017 final dividend	11	-	-	-	-	-	-	(21,168)	(21,168)	-	(21,168)
2018 interim dividend	11	-	-	-	-	-	-	(28,224)	(28,224)	-	(28,224)
Capital injection by non-controlling interests		-	-	-	-	-	-	-	-	250	250
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	(500)	(500)
Transfer to statutory reserve		-	-	-	3,358	-	-	(3,358)	-	-	-
Transfer of reserve funds upon deregistration of a subsidiary		-	-	-	(269)	-	-	269	-	-	-
Transfer of share option reserve upon lapse of share options	28	-	-	(9,421)	-	-	-	9,421	-	-	-
At 31 March 2018		14,112	855,973*	-*	18,901*	(8,434)*	(2,963)*	336,816*	1,214,405	1,610	1,216,015

* These reserve accounts comprise the consolidated reserves of HK\$1,200,293,000 (2017: HK\$1,144,901,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 March 2018

	<i>Notes</i>	2018 HK\$'000	2017 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		106,761	127,980
Adjustments for:			
Bank interest income	5	(3,729)	(3,292)
Share of profits of joint ventures		(39,378)	(31,893)
Depreciation of items of property, plant and equipment	7	101,763	107,165
Depreciation of investment properties		869	–
Amortisation of land lease payments	7	1,691	1,962
Amortisation of intangible assets	7	2,133	1,501
Write-off of items of property, plant and equipment	7	5,008	448
Gain on deregistration of subsidiaries	5	(596)	–
Write-off of prepayments, deposits and other receivables	7	520	3,479
Finance costs	6	1,645	1,559
		176,687	208,909
Decrease/(increase) in inventories		(750)	4,521
Increase in trade receivables		(493)	(762)
Increase in prepayments, deposits and other receivables		(45,873)	(24,344)
Increase in trade payables		12,060	1,026
Increase/(decrease) in other payables and accruals		13,653	(10,198)
Cash generated from operations		155,284	179,152
Interest received		3,729	3,292
Interest paid		(1,645)	(1,559)
Hong Kong profits tax paid		(3,044)	(24,085)
PRC tax paid		(18,066)	(15,913)
Net cash flows from operating activities		136,258	140,887
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	13, 30(a)	(91,175)	(108,967)
Purchase of intangible assets	16	(4,153)	(1,316)
Dividends received from joint ventures		35,181	8,796
Increase in pledged time deposits with original maturity of more than three months		(1,004)	(4,507)
Decrease in non-pledged time deposits with original maturity of more than three months when acquired		–	444
Net cash flows used in investing activities		(61,151)	(105,550)

Consolidated Statement of Cash Flows (continued)

Year ended 31 March 2018

	Note	2018 HK\$'000	2017 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		66,832	–
Repayment of bank loans		(71,485)	(5,188)
Capital element of finance lease rental payments		725	(135)
Dividends paid		(77,617)	(71,973)
Dividend paid to non-controlling shareholders		(500)	–
Capital contributions from non-controlling shareholders		250	–
Net cash flows used in financing activities		(81,795)	(77,296)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		496,604	546,787
Effect of foreign exchange rate changes, net		20,071	(8,224)
CASH AND CASH EQUIVALENTS AT END OF YEAR		509,987	496,604
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	454,798	365,298
Non-pledged time deposits	21	55,189	131,306
Cash and cash equivalents as stated in the consolidated statement of financial position		509,987	496,604

Notes to Financial Statements

31 March 2018

1. CORPORATE AND GROUP INFORMATION

Tsui Wah Holdings Limited was incorporated in the Cayman Islands on 29 May 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the year, the Group was principally engaged in the provision of food catering services through a chain of Hong Kong-style restaurants in Hong Kong and the People's Republic of China (the "PRC" or "Mainland China").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued ordinary registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Kang Wang Holdings Limited ("Kang Wang") [®] 康旺控股有限公司	British Virgin Islands ("BVI")/ Hong Kong	HK\$1,000,000	100	–	Investment holding
Cui Xin Holdings Limited ("Cui Xin") [®] 翠新控股有限公司	BVI/Hong Kong	HK\$1,000,000	100	–	Investment holding
Kenglory Limited 維勤有限公司	Hong Kong	HK\$9,000	–	100	Restaurant operation
Happy Oasis Limited 愉園有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Green Wave Limited 綠波有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Tsui Wah Restaurant (Holding) Limited 翠華餐廳 (集團) 有限公司	Hong Kong	HK\$9,400	–	100	Restaurant operation
Win Idea Investments Limited 同合投資有限公司	Hong Kong	HK\$1,400,000	–	99.23	Restaurant operation
Senfield Limited 誠發有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Billioncom (Hong Kong) Limited 富澤 (香港) 有限公司	Hong Kong	HK\$100	–	100	Restaurant operation
Sky Oasis (HK) Limited 天澤 (香港) 有限公司	Hong Kong	HK\$8	–	100	Restaurant operation

Notes to Financial Statements (continued)

31 March 2018

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and business	Issued ordinary registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Royal Gold International Limited 皇金國際有限公司	Hong Kong	HK\$8	–	100	Restaurant operation
Tsui Wah Efford Management Limited 翠華怡富管理有限公司	Hong Kong	HK\$10	–	100	Management service
Dragonsea Limited 游龍有限公司	Hong Kong	HK\$10	–	100	Food factory
Tsui Wah Catering Limited 翠華飲食有限公司	Hong Kong	HK\$10	–	100	Restaurant operation
Shanghai Cai Hua Restaurants Management Company Limited ^{**@} 上海采華餐飲管理有限公司	PRC	HK\$70,000,000	–	100	Restaurant operation
Shanghai Cui Sheng Restaurants Company Limited ^{**@} 上海翠盛餐飲有限公司	PRC	HK\$23,000,000	–	100	Restaurant operation
Golden York World Limited 金旭滙有限公司	Hong Kong	HK\$10	–	100	Restaurant operation
China Sure Limited 確華有限公司	Hong Kong	HK\$10	–	100	Restaurant operation
Pioneer Ray Limited 領熙有限公司	Hong Kong	HK\$10	–	100	Restaurant operation
Special Wise Limited 特維有限公司	Hong Kong	HK\$10	–	100	Restaurant operation
Common Way Limited 錦日有限公司	Hong Kong	HK\$10	–	100	Restaurant operation
Richberg Development Limited 智庫發展有限公司	Hong Kong	HK\$10	–	100	Restaurant operation

Notes to Financial Statements (continued)

31 March 2018

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and business	Issued ordinary registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ever Million Rich Limited 永萬富有限公司	Hong Kong	HK\$10	–	100	Restaurant operation
Famous China Enterprise Limited 采華企業有限公司	Hong Kong	HK\$10	–	100	Owner of trademarks
Flying Gold Limited 翔金有限公司	Hong Kong	HK\$10	–	100	Restaurant operation
Happy Billions Limited 逸億有限公司	Hong Kong	HK\$10	–	100	Restaurant operation
Summer Rich Limited 夏富有限公司	Hong Kong	HK\$10	–	100	Restaurant operation
Wuhan Cai Hua Restaurants Management Company Limited*** 武漢采華餐飲管理有限公司	PRC	RMB2,000,000	–	100	Restaurant operation
Green Luck Limited 祥翠有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
New Power Zone Limited 新力天有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
New Top Star Limited 新富星有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Green Treasure Limited 樂翠有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Harmony Garden Limited 和園有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Shanghai Cai Sheng Restaurants Management Company Limited*** 上海采盛餐飲管理有限公司	PRC	RMB2,000,000	–	100	Restaurant operation

Notes to Financial Statements (continued)

31 March 2018

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and business	Issued ordinary registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Hongkou Cui Sheng Restaurants Company Limited***@ 上海虹口翠盛餐飲有限公司	PRC	RMB2,000,000	–	100	Restaurant operation
Shanghai Pudong Cui Sheng Restaurants Company Limited***@ 上海浦東翠盛餐飲有限公司	PRC	RMB2,000,000	–	100	Restaurant operation
Hangzhou Cui Sheng Restaurants Management Company Limited***@ 杭州翠盛餐飲管理有限公司	PRC	RMB2,000,000	–	100	Restaurant operation
Nanjing Cui Sheng Restaurants Management Company Limited***@ 南京翠盛餐飲管理有限公司	PRC	RMB2,000,000	–	100	Restaurant operation
Wuxi Cui Sheng Restaurants Management Company Limited***@ 無錫翠盛餐飲管理有限公司	PRC	RMB2,000,000	–	100	Restaurant operation
Guangzhou Cai Hua Restaurants Company Limited**@ 廣州采華餐飲有限公司	PRC	RMB50,000,000	–	100	Restaurant operation
Shanghai He Fa Restaurants Company Limited**@ 上海合發餐飲有限公司	PRC	RMB52,000,000	–	100	Food factory
Enrich Sources Limited 彩沃有限公司	Hong Kong	HK\$10,000	–	100	Property holding
Corporate Winner Limited 洲永有限公司	Hong Kong	HK\$10,000	–	100	Property holding
Shanghai Cai Hua Food Co., Ltd.***@ 上海采華食品有限公司	PRC	RMB1,000,000	–	100	Food factory
Marvellous Mark Limited 潤贊有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation

Notes to Financial Statements (continued)

31 March 2018

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and business	Issued ordinary registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Good Core Limited 心園有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Green Skytop Limited 天翠有限公司	Hong Kong	HK\$10,000	–	75	Catering service
Time Great Limited 騰嶺有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Excellent Lead Limited 優領有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Mark Lucky Limited 曼新有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Key Decision Limited 智心有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Prospect Green Limited 興翠有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Solar Queen Limited 美憶有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Wholly Win Limited 加賀有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation

* Registered as wholly-foreign-owned enterprises under the laws of the PRC

** Registered as limited liability companies under the laws of the PRC

The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they do not register any official English names.

@ Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.



Notes to Financial Statements (continued)

31 March 2018

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2018. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date on which such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to Financial Statements (continued)

31 March 2018

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvements to HKFRSs 2014–2016 Cycle</i>	<i>Disclosure of interests in Other Entities: Clarification of the Scope of HKFRS 12</i>

None of the above amendments to HKFRSs has had a significant financial effect on these financial statements. Disclosure has been made in note 30(b) to the financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts¹</i>
HKFRS 9	<i>Financial Instruments¹</i>
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
HKFRS 15	<i>Revenue from Contracts with Customers¹</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers¹</i>
HKFRS 16	<i>Leases²</i>
HKFRS 17	<i>Insurance Contracts³</i>
Amendments to HKAS 19	<i>Plan Amendments, Curtailment or Settlement²</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures²</i>
Amendments to HKAS 40	<i>Transfers of Investment Property¹</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration¹</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments²</i>
<i>Annual Improvements 2014–2016 Cycle</i>	<i>Amendments to HKFRS 1 and HKAS 28¹</i>
<i>Annual Improvements 2015–2017 Cycle</i>	<i>Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23²</i>

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

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

⁴ No mandatory effective date yet determined but available for adoption



Notes to Financial Statements (continued)

31 March 2018

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Further information about those HKFRSs that are expected to be applicable to the Group is described below. Of those standards, HKFRS 9 and HKFRS 15 will be applicable for the Group's financial year ending 31 March 2019 and are expected to have a significant impact upon adoption. Whilst management has performed a detailed assessment of the estimated impacts of these standards, that assessment is based on the information currently available to the Group, including expectations of the application of transitional provision options and policy choices. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards and the transitional provisions and policy options finally adopted.

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 April 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 April 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 April 2018. During 2018, the Group has performed a detailed assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:



Notes to Financial Statements (continued)

31 March 2018

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The Group has determined that, due to the unsecured nature of its trade and other receivables. Management is in the process of making an assessment of the impact upon application but is not yet in a position to state the effect on the Group's results of operations and financial position.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.



Notes to Financial Statements (continued)

31 March 2018

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group has assessed the impact of the adoption of HKFRS 15 and does not expect the adoption to have a significant impact to the Group's results of operations and financial position.

HKFRS 16, issued in May 2016, replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments.



Notes to Financial Statements (continued)

31 March 2018

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the rights-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 April 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 33 to the financial statements, at 31 March 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK\$746,961,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 April 2018. The amendments are not expected to have any significant impact on the Group's financial statements.



Notes to Financial Statements (continued)

31 March 2018

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 April 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 April 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.



Notes to **Financial Statements (continued)**

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in joint ventures

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

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

If an investment in a joint venture becomes an investment in an associate or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.



Notes to Financial Statements (continued)

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.



Notes to Financial Statements (continued)

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.



Notes to Financial Statements (continued)

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land under finance leases	Over the lease terms
Buildings	2% to 3.3%
Leasehold improvements	12.5% to 50%
Furniture and fixtures	20% to 30%
Catering and other equipment	10% to 30%
Motor vehicles	25% to 30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

Investment Properties

Investment properties are interests in land and building (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

The Group's investment property is rented out under operating lease. The above investment property is depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the lease term
Building:	2% to 3.3%

Any gains or losses on the retirement or disposal of investment properties are recognised in the statement of profit or loss in the year of the retirement or disposal.



Notes to Financial Statements (continued)

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Computer software

Computer software is stated at cost less accumulated amortisation and any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.



Notes to Financial Statements (continued)

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and cash equivalents, pledged time deposits, trade receivables, other receivables and deposits and non-current deposits.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other operating expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



Notes to Financial Statements (continued)

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.



Notes to Financial Statements (continued)

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, certain accruals, finance lease payables and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.



Notes to Financial Statements (continued)

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Notes to Financial Statements (continued)

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.



Notes to Financial Statements (continued)

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from restaurant operations, when catering services have been provided to the customers;
- (b) from the sale of food, when the products are sold to customers and the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the food sold;
- (c) rental income from properties, in the period in which the properties are let and on the straight-line basis over the lease terms; and
- (d) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes option pricing model, further details of which are given in note 28 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.



Notes to Financial Statements (continued)

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its Hong Kong employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



Notes to Financial Statements (continued)

31 March 2018

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividend is disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. All differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and a joint venture are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates prevailing at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into HK\$ at the weighted average exchange rates for the year.



Notes to Financial Statements (continued)

31 March 2018

3.2 SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 March 2018 was HK\$203,839,000 (2017: HK\$139,671,000). Further details are contained in note 26 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The evaluation process is inherently subjective, and dependent on a number of estimates such as sales growth rate. As at 31 March 2018, the non-current assets was HK\$899,808,000 (2017: HK\$825,712,000). Further details are contained in note 13, 14, 15, 16, 17 and 20 to the financial statements.

Notes to Financial Statements (continued)

31 March 2018

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through a chain of Hong Kong-style restaurants. 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 operating segment information is presented.

Geographical information

The following tables present revenue from external customers for the year and certain non-current assets information as at 31 March 2018, by geographical area.

(a) Revenue from external customers

	2018 HK\$'000	2017 HK\$'000
Hong Kong [#]	1,194,111	1,247,390
Mainland China	624,478	579,262
Others ^{##}	21,165	18,753
	1,839,754	1,845,405

The revenue information above is based on the locations of the customers.

As no revenue derived from sales to a single customer of the Group has accounted for 10% or more of the Group's total revenue during the year, no information about major customers is presented.

[#] Revenue from external customers located in Hong Kong includes revenue derived from the sale of food to a joint venture of the Group amounting to approximately HK\$8,778,000 (2017: approximately HK\$8,937,000).

^{##} Represents revenue derived from the sale of food to a joint venture of the Group.

(b) Non-current assets

	2018 HK\$'000	2017 HK\$'000
Hong Kong	344,692	347,622
Mainland China	397,775	375,140
Others	57,627	53,898
	800,094	776,660

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

Notes to Financial Statements (continued)

31 March 2018

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents amounts received and receivable from the operation of restaurants and the sale of food, net of sales related taxes. An analysis of revenue, other income and gains is as follows:

	2018 HK\$'000	2017 HK\$'000
Revenue		
Restaurant operations	1,809,811	1,817,715
Sale of food	29,943	27,690
	1,839,754	1,845,405
Other income and gains		
Bank interest income	3,729	3,292
Rental income	2,530	3,370
Government grants (<i>note</i>)	2,602	5,693
Gain on deregistration of subsidiaries	596	–
Others	3,123	2,922
	12,580	15,277

Note:

Government grants have been received by the Group from government authorities in Mainland China for financial support to the newly set-up enterprises in Shanghai. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

	2018 HK\$'000	2017 HK\$'000
Interest on bank loans	1,618	1,556
Interest on finance leases	27	3
	1,645	1,559

Notes to Financial Statements (continued)

31 March 2018

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2018 HK\$'000	2017 HK\$'000
Cost of inventories sold		512,382	512,097
Depreciation of items of property, plant and equipment	13	101,763	107,165
Depreciation of investment properties	14	869	–
Amortisation of land lease payments	15	1,691	1,962
Amortisation of intangible assets	16	2,133	1,501
Minimum lease payments under operating leases		253,009	244,722
Contingent rents under operating leases		44,318	33,988
		297,327	278,710
Employee benefit expenses (excluding directors' and chief executive's remuneration (<i>note</i>)):			
Wages and salaries		481,039	475,610
Retirement benefit scheme contributions*		40,483	45,357
		521,522	520,967
Auditor's remuneration		2,280	2,530
Write-off of items of property, plant and equipment	13	5,008	448
Write-off of prepayments, deposits and other receivables	20	520	3,479
Foreign exchange differences, net		(6,600)	2,994

* At the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2017: Nil).

Notes to Financial Statements (continued)

31 March 2018

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2018 HK\$'000	2017 HK\$'000
Fees	2,640	1,878
Other emoluments:		
Salaries, allowances and benefits in kind	6,720	7,150
Performance related bonus [®]	–	1,000
Pension scheme contributions	83	77
	9,443	10,105

[®] In the prior year, the chief executive of the Company was entitled to bonus payments which was determined with reference to the performance of the Group.

During the prior years, a director and the chief executive were granted share options in respect of their services to the Group, under the Pre-IPO share option scheme of the Company, further details of which are set out in note 28 to the financial statements. The fair value of these options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2018 HK\$'000	2017 HK\$'000
Mr. Yim Kwok Man	180	320
Mr. Wong Chi Kin [#]	–	245
Mr. Goh Choo Hwee	180	320
Mr. Tang Man Tsz [*]	180	75
	540	960

There were no other emoluments payable to the independent non-executive directors during the year (2017: Nil).

[#] Re-designated from an independent non-executive director to a non-executive director with effect from 1 November 2016.

^{*} Appointed as an independent non-executive director with effect from 1 November 2016.

Notes to Financial Statements (continued)

31 March 2018

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Year ended 31 March 2018				
Executive directors:				
Mr. Lee Yuen Hong	–	1,440	18	1,458
Mr. Cheung Yu To [^]	–	840	11	851
Mr. Lee Tsz Kin	–	840	18	858
	–	3,120	47	3,167
Non-executive directors:				
Mr. Wong Chi Kin	900	–	–	900
Mr. Cheng Chung Fan	180	–	–	180
Mr. Cheng Yu Sang	1,020	–	18	1,038
	2,100	–	18	2,118
Chief executive:				
Mr. Pang Kwing Ho	–	3,600	18	3,618
	2,100	6,720	83	8,903

[^] Resigned as the executive director with effect from 1 November 2017.

Notes to Financial Statements (continued)

31 March 2018

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive (Continued)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance related bonus HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Year ended 31 March 2017					
Executive directors:					
Mr. Lee Yuen Hong	–	1,440	–	18	1,458
Mr. Ho Ting Chi [®]	–	240	–	3	243
Mr. Cheung Yu To	–	1,440	–	18	1,458
Mr. Cheung Yue Pui [^]	–	600	–	8	608
Mr. Lee Tsz Kin [#]	–	350	–	7	357
	–	4,070	–	54	4,124
Non-executive directors:					
Mr. Ho Ting Chi [®]	43	–	–	2	45
Mr. Wong Chi Kin (note 8a)	375	–	–	–	375
Mr. Cheng Chung Fan [*]	75	–	–	–	75
Mr. Cheng Yu Sang [*]	425	–	–	7	432
	918	–	–	9	927
Chief executive:					
Mr. Pang Kwing Ho ^{**}	–	3,080	1,000	14	4,094
	918	7,150	1,000	77	9,145

[®] Re-designated from an executive director to a non-executive director on 1 June 2016 and resigned as the non-executive director on 26 August 2016.

[^] Resigned as the executive director on 26 August 2016.

[#] Appointed as the executive director with effect from 1 November 2016.

^{*} Appointed as a non-executive director with effect from 1 November 2016.

^{**} Appointed as the chief executive officer with effect from 1 June 2016.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Notes to Financial Statements (continued)

31 March 2018

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors and the chief executive (2017: two directors and the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2017: two) highest paid employees for the year who are neither a director nor chief executive of the Company are as follows:

	2018 HK\$'000	2017 HK\$'000
Salaries, allowances and benefits in kind	2,776	3,103
Pension scheme contributions	27	36
	2,803	3,139

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2018	2017
Nil to HK\$1,500,000	2	1
HK\$1,500,001 to HK\$2,000,000	–	1
	2	2

During the prior years, share options were granted to the non-director and non-chief executive highest paid employees in respect of his services to the Group, further details of which are included in the disclosures in note 28 to the financial statements. The fair value of these options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employee's remuneration disclosures.

Notes to Financial Statements (continued)

31 March 2018

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2017: 16.5%) during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	2018 HK\$'000	2017 HK\$'000
Current — Hong Kong		
Charge for the year	10,890	16,548
Under/(over)provision in prior years	(3,067)	1,471
Current — Elsewhere		
Charge for the year	17,653	14,231
Underprovision in prior years	291	1,002
Deferred tax (note 26)	224	4,030
Total tax charge for the year	25,991	37,282

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the locations in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 March 2018					
	Hong Kong		PRC		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before tax	67,755		39,006		106,761	
Tax at the statutory tax rates	11,180	16.5	9,752	25.0	20,932	19.6
Adjustment in respect of current tax of previous periods	(3,067)	(4.5)	291	0.8	(2,776)	(2.6)
Income not subject to tax	(1,568)	(2.3)	(3,579)	(9.2)	(5,147)	(4.8)
Expenses not deductible for tax	1,355	2.0	446	1.1	1,801	1.7
Temporary differences not recognised	4,133	6.1	570	1.5	4,703	4.4
Tax losses not recognised/utilised from previous periods	5,443	8.0	7,523	19.3	12,966	12.1
Profits attributable to joint ventures	(6,488)	(9.6)	–	–	(6,488)	(6.1)
Tax charge at the Group's effective rates	10,988	16.2	15,003	38.5	25,991	24.3

Notes to Financial Statements (continued)

31 March 2018

10. INCOME TAX EXPENSE (Continued)

	Hong Kong		Year ended 31 March 2017		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before tax	82,501		45,479		127,980	
Tax at the statutory tax rates	13,613	16.5	11,370	25.0	24,983	19.5
Adjustment in respect of current tax of previous periods	1,471	1.8	1,002	2.2	2,473	1.9
Income not subject to tax	(311)	(0.4)	(465)	(0.9)	(776)	(0.6)
Expenses not deductible for tax	1,486	1.8	1,636	3.6	3,122	2.4
Temporary differences not recognised	4,428	5.4	607	1.3	5,035	4.0
Tax losses not recognised/utilised from previous periods	3,727	4.5	3,980	8.7	7,707	6.0
Profits attributable to joint ventures	(5,262)	(6.4)	–	–	(5,262)	(4.1)
Tax charge at the Group's effective rates	19,152	23.2	18,130	39.9	37,282	29.1

The share of tax attributable to joint ventures amounting to HK\$5,469,000 (2017: HK\$4,748,000) for the year ended 31 March 2018 is included in "Share of profits of joint ventures" in the consolidated statement of profit or loss.

Notes to Financial Statements (continued)

31 March 2018

11. DIVIDENDS

	2018 HK\$'000	2017 HK\$'000
Interim — HK2.0 cents (2017: HK2.0 cents) per ordinary share	28,224	28,225
Final dividend proposed after the end of the reporting period — HK1.5 cents (2017: HK1.5 cents) per ordinary share	21,168	21,168
Special dividend proposed after the end of the reporting period — HK1.5 cents (2017: HK2.0 cents) per ordinary share	21,168	28,225
	70,560	77,618

The proposed final and special dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on 24 August 2018.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount for the Year is based on the profit for the year of HK\$80,205,000 (2017: HK\$90,483,000) attributable to ordinary equity holders of the Company and the weighted average number of 1,411,226,450 ordinary Shares (2017: 1,411,226,450 ordinary Shares) in issue.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 March 2018. Accordingly, there is no diluted earnings per share for the year.

In the prior year, the calculation of the diluted earnings per share amount was based on the profit for the year of HK\$90,483,000 attributable to ordinary equity holders of the Company, and the weighted average number of 1,411,246,904 ordinary shares in issue in the prior year, as used in the basic earnings per share calculation.

Notes to Financial Statements (continued)

31 March 2018

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Catering and other equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 March 2018							
At 31 March 2017 and 1 April 2017:							
Cost	390,341	354,404	82,467	196,774	6,472	296	1,030,754
Accumulated depreciation and impairment	(30,197)	(224,116)	(38,784)	(128,963)	(5,004)	-	(427,064)
Net carrying amount	360,144	130,288	43,683	67,811	1,468	296	603,690
At 1 April 2017, net of accumulated depreciation and impairment							
	360,144	130,288	43,683	67,811	1,468	296	603,690
Additions	-	29,572	5,049	24,419	874	1,587	61,501
Write-off	-	(3,198)	(275)	(1,535)	-	-	(5,008)
Transfers	-	775	-	1,139	-	(1,914)	-
Transfer to investment properties (note 14)	(73,239)	-	-	-	-	-	(73,239)
Depreciation provided during the year	(11,561)	(45,890)	(7,094)	(36,192)	(1,026)	-	(101,763)
Exchange realignment	7,431	4,667	3,626	1,720	15	31	17,490
At 31 March 2018, net of accumulated depreciation and impairment	282,775	116,214	44,989	57,362	1,331	-	502,671
At 31 March 2018:							
Cost	319,894	387,090	92,217	221,821	7,506	-	1,028,528
Accumulated depreciation and impairment	(37,119)	(270,876)	(47,228)	(164,459)	(6,175)	-	(525,857)
Net carrying amount	282,775	116,214	44,989	57,362	1,331	-	502,671

Notes to Financial Statements (continued)

31 March 2018

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Catering and other equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 March 2017							
At 31 March 2016 and 1 April 2016:							
Cost	387,693	342,002	69,184	194,835	6,619	7,482	1,007,815
Accumulated depreciation and impairment	(19,408)	(200,182)	(28,089)	(111,945)	(4,060)	–	(363,684)
Net carrying amount	368,285	141,820	41,095	82,890	2,559	7,482	644,131
At 1 April 2016, net of accumulated depreciation and impairment							
	368,285	141,820	41,095	82,890	2,559	7,482	644,131
Additions	–	39,017	18,679	22,139	–	6,599	86,434
Write-off	–	(38)	(11)	(392)	(7)	–	(448)
Transfers	11,500	1,608	114	(3,006)	–	(13,616)	(3,400)
Depreciation provided during the year	(11,049)	(48,664)	(14,566)	(31,828)	(1,058)	–	(107,165)
Exchange realignment	(8,592)	(3,455)	(1,628)	(1,992)	(26)	(169)	(15,862)
At 31 March 2017, net of accumulated depreciation and impairment	360,144	130,288	43,683	67,811	1,468	296	603,690
At 31 March 2017:							
Cost	390,341	354,404	82,467	196,774	6,472	296	1,030,754
Accumulated depreciation and impairment	(30,197)	(224,116)	(38,784)	(128,963)	(5,004)	–	(427,064)
Net carrying amount	360,144	130,288	43,683	67,811	1,468	296	603,690

At 31 March 2018, certain of the Group's land and buildings with a net carrying amount of approximately HK\$205,192,000 (2017: HK\$212,710,000) were pledged to secure a mortgage loan granted to the Group (note 24).

Notes to Financial Statements (continued)

31 March 2018

14. INVESTMENT PROPERTIES

	Note	HK\$'000
At 1 April 2016, 31 March 2017 and 1 April 2017		
Cost		–
Accumulated depreciation		–
Net carrying amount		–
Transferred from property, plant and equipment	13	73,239
Transferred from prepaid land lease	15	44,086
Depreciation provided during the year		(869)
Exchange realignment		12,248
At 31 March 2018 , net of accumulated depreciation and impairment		128,704
At 31 March 2018		
Cost		140,316
Accumulated depreciation and impairment		(11,612)
Net carrying amount		128,704

Further particulars of the Group's investment properties are included on page 133.

Notes to Financial Statements (continued)

31 March 2018

14. INVESTMENT PROPERTIES (Continued)

The aggregate fair value of the Group's investment properties at 31 March 2018 is HK\$148,797,000 (2017: Nil). The fair value has been arrived at on the basis of a valuation carried out by Roma Group Limited, an independent qualified professional valuer not connected with the Group. The fair value was determined based on the market comparable approach that reflects recent transactions prices for similar properties, adjusted for differences in nature, location and conditions of the properties under review. Each year, the Group appoints external valuer to conduct valuation on the Group's properties, selection criteria include market knowledge, reputation, independence and maintenance of professional standards. The Group has adopted the cost model under HKAS 40 to account for its investment property, and accordingly, the carrying amounts of the investment properties were not adjusted to the revalued amount at year end. Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2018 are as follows:

	Fair value measurement as at 31 March 2018 using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Industrial properties	–	–	66,547	66,547
Commercial properties	–	–	82,250	82,250

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs
Commercial properties	Market comparison method	Adjusted unit price (per square feet)
Industrial properties	Market comparison method	Adjusted unit price (per square feet)

Notes to Financial Statements (continued)

31 March 2018

15. PREPAID LAND LEASE PAYMENTS

	Note	2018 HK\$'000	2017 HK\$'000
Carrying amount at 1 April		69,519	75,795
Recognised during the year		(1,691)	(1,962)
Transfer to investment properties	14	(44,086)	–
Exchange realignment		2,576	(4,314)
Carrying amount at 31 March		26,318	69,519
Current portion included in prepayments, deposits and other receivables		(742)	(1,924)
Non-current portion		25,576	67,595

16. INTANGIBLE ASSETS

	HK\$'000
31 March 2018	
Cost at 1 April 2017, net of accumulated amortisation	5,501
Additions	4,153
Amortisation provided during the year	(2,133)
At 31 March 2018	7,521
At 31 March 2018:	
Cost	12,224
Accumulated amortisation	(4,703)
Net carrying amount	7,521



Notes to Financial Statements (continued)

31 March 2018

16. INTANGIBLE ASSETS (Continued)

	Computer software HK\$'000
31 March 2017	
Cost at 1 April 2016, net of accumulated amortisation	2,286
Additions	1,316
Transfer	3,400
Amortisation provided during the year	(1,501)
<hr/>	
At 31 March 2017	5,501
<hr/>	
At 31 March 2017:	
Cost	8,072
Accumulated amortisation	(2,571)
<hr/>	
Net carrying amount	5,501
<hr/>	

Notes to Financial Statements (continued)

31 March 2018

17. INVESTMENTS IN JOINT VENTURES

	2018 HK\$'000	2017 HK\$'000
Share of net assets	68,681	64,497

Amounts due from the joint ventures included in the Group's other receivables (note 20) as at 31 March 2018 totalling HK\$17,621,000 (2017: HK\$10,984,000) were unsecured, interest-free and had no fixed terms of repayment.

Amounts due to the joint venture included in the Group's other payables (note 23) as at 31 March 2018 totalling HK\$1,523,000 (2017: HK\$1,831,000) were unsecured, interest-free and had no fixed terms of repayment.

The Group's trade receivable balances with the joint ventures as at 31 March 2018 totalling HK\$4,340,000 (2017: HK\$4,144,000) are disclosed in note 19 to the financial statements.

Particulars of the Group's material joint venture are as follows:

Name	Particulars of issued shares held	Place of incorporation and business	Percentage of ownership interest	Principal activities
Pak Tat Catering Management Company Limited 百達餐飲管理有限公司	One "quota" of MOP17,500	Macau	70	Restaurant operation

The above investment is indirectly held by the Company.

Pak Tat Catering Management Company Limited, which is considered a material joint venture of the Group, operates restaurant business in Macau and is accounted for using the equity method.

Notes to Financial Statements (continued)

31 March 2018

17. INVESTMENTS IN JOINT VENTURES (Continued)

The following table illustrates the summarised financial information of Pak Tat Catering Management Company Limited, adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2018 HK\$'000	2017 HK\$'000
Cash and cash equivalents	73,837	91,410
Other current assets	9,778	7,919
Total current assets	83,615	99,329
Non-current assets	22,829	26,981
Current liabilities	(24,120)	(49,314)
Net assets	82,324	76,996
Reconciliation to the Group's investment in the joint venture:		
Proportion of the Group's ownership	70%	70%
Group's share of net assets of the joint venture	57,627	53,898
Carrying amount of the investment	57,627	53,898
Revenue	180,927	156,783
Tax	(7,384)	(5,814)
Profit for the year	53,890	41,501
Dividend received	33,981	6,796

The following table illustrates the financial information of the Group's joint venture that is not individually material:

	2018 HK\$'000	2017 HK\$'000
Share of the joint venture's profit for the year	1,655	2,842
Carrying amount of the Group's investment in the joint venture	11,054	10,599

Notes to Financial Statements (continued)

31 March 2018

18. INVENTORIES

	2018 HK\$'000	2017 HK\$'000
Food and beverage, and other operating items for restaurant operations	19,062	18,312

19. TRADE RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Trade receivables	8,134	7,641

The Group's trading terms with its customers are mainly on cash and smart card settlement, except for well-established corporate customers for which the credit term is generally 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting year, based on the invoice date, is as follows:

	2018 HK\$'000	2017 HK\$'000
Less than one month	4,101	4,699
One month to two months	4,033	2,942
	8,134	7,641



Notes to Financial Statements (continued)

31 March 2018

19. TRADE RECEIVABLES (Continued)

An ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2018 HK\$'000	2017 HK\$'000
Neither past due nor impaired	6,488	5,449
Less than one month past due	1,646	2,192
	8,134	7,641

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Included in the Group's trade receivables (note 17) were amounts due from the Group's joint ventures of HK\$4,340,000 (2017: HK\$4,144,000) as at 31 March 2018, which were repayable on credit terms similar to those offered to the major customers of the Group.

Notes to Financial Statements (continued)

31 March 2018

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Prepayments	42,542	28,336
Deposits	101,218	95,017
Other receivables	30,341	13,067
Amounts due from joint ventures (note 17)	17,621	10,984
	191,722	147,404
Current portion included in prepayments, deposits and other receivables	(92,008)	(98,352)
	99,714	49,052

During the year ended 31 March 2018, there were write-off of prepayments, deposits and other receivables of HK\$520,000 (2017: 3,479,000). Except for the above write-off, none of the remaining assets is either past due or impaired. Financial assets included in the above balances relate to receivables for which there was no recent history of default.

The Group has pledged time deposits, included in notes 21 and 32 to the financial statements, of HK\$9,102,000 (2017: HK\$8,098,000) to secure the Group's bank guarantee facilities in lieu of rental deposits.

Notes to Financial Statements (continued)

31 March 2018

21. CASH AND CASH EQUIVALENTS

	<i>Note</i>	2018 HK\$'000	2017 HK\$'000
Time deposits		64,291	139,404
Less: Pledged time deposits with original maturity of more than three months when acquired	32	(9,102)	(8,098)
Non-pledge time deposits		55,189	131,306
Cash and bank balances		454,798	365,298
Cash and cash equivalents as stated in consolidated statement of financial position		509,987	496,604
Cash and cash equivalent as stated in the consolidated statement of cash flows are represented by			
Cash and cash equivalents denominated in:			
HK\$		252,383	290,406
Renminbi ("RMB")		257,604	206,198
		509,987	496,604

RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

All the pledged time deposits are denominated in Hong Kong dollars.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Notes to Financial Statements (continued)

31 March 2018

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting year, based on the invoice date, is as follows:

	2018 HK\$'000	2017 HK\$'000
Less than one month	56,013	51,994
One to two months	33,091	25,050
	89,104	77,044

The trade payables are non-interest-bearing and generally have payment terms of 45 days.

23. OTHER PAYABLES AND ACCRUALS

	2018 HK\$'000	2017 HK\$'000
Other payables	90,065	84,554
Amount due to a joint venture (note 17)	1,523	1,831
Accruals	92,552	82,212
	184,140	168,597
Current portion included in other payables and accruals	(141,520)	(151,303)
	42,620	17,294

Other payables are non-interest-bearing and have average payment terms of one to three months.

Notes to Financial Statements (continued)

31 March 2018

24. INTEREST-BEARING BANK BORROWINGS

	2018			2017		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
	1 Month Hong Kong Interbank Offered Rate			1 Month		
Bank loans — secured	("HIBOR")+1.00%	On demand	66,832	HIBOR+1.75%	On demand	71,485
				2018	2017	
				HK\$'000	HK\$'000	

Analysed into:

Repayment terms of bank loans and overdrafts:

Within one year or on demand	66,832	71,485
------------------------------	---------------	--------

The Group's bank loans are secured by mortgages over the Group's land and buildings, which had an aggregate carrying value at the end of the reporting year of approximately HK\$205,192,000 (2017: HK\$212,710,000) (note 13).

All the Group's bank loans as at 31 March 2018 containing an on-demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable on demand.

The amounts payable based on the maturity terms of the loans are analysed as follows:

	2018	2017
	HK\$'000	HK\$'000
Bank loans:		
Within one year	4,037	5,087
In the second year	4,105	5,197
In the third to fifth years, inclusive	12,759	16,333
Beyond five years	45,931	44,868
	66,832	71,485

Notes to Financial Statements (continued)

31 March 2018

25. FINANCE LEASE PAYABLES

The Group leases certain of its motor vehicles for its business use. These leases are classified as finance leases and have remaining lease terms ranging from three to four years.

At 31 March 2018, the Group's total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments 2018 HK\$'000	Present value of minimum lease payments 2018 HK\$'000
Amounts payable:		
Within one year	232	226
In the second year	232	213
In the third to fifth years, inclusive	332	289
	<hr/>	<hr/>
Total minimum finance lease payments	796	728
	<hr/>	<hr/>
Future finance charges	(71)	
	<hr/>	
Total net finance lease payables	725	
Portion classified as current liabilities	(196)	
	<hr/>	
	529	
	<hr/>	

All the Group's finance lease payables were denominated in Hong Kong dollars.

Notes to Financial Statements (continued)

31 March 2018

26. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Others HK\$'000	Depreciation in excess of related depreciation allowance HK\$'000	Losses available for offsetting against future taxable profit HK\$'000	Total HK\$'000
At 1 April 2016	10,446	12,998	–	23,444
Deferred tax charged to the consolidated statement of profit or loss during the year (note 10)	(2,897)	(1,053)	–	(3,950)
Exchange realignment	(544)	–	–	(544)
At 1 April 2017	7,005	11,945	–	18,950
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	(613)	(445)	3,553	2,495
Exchange realignment	702	–	185	887
At 31 March 2018	7,094	11,500	3,738	22,332

Notes to Financial Statements (continued)

31 March 2018

26. DEFERRED TAX (Continued)

Deferred tax liabilities

	Others HK\$'000	Depreciation allowance in excess of related depreciation HK\$'000	Total HK\$'000
At 1 April 2016	54	952	1,006
Deferred tax charged to the consolidated statement of profit or loss during the year (note 10)	–	80	80
Exchange realignment	(3)	–	(3)
At 1 April 2017	51	1,032	1,083
Deferred tax charged to the consolidated statement of profit or loss during the year (note 10)	–	2,719	2,719
Exchange realignment	6	–	6
At 31 March 2018	57	3,751	3,808

Notes to Financial Statements (continued)

31 March 2018

26. DEFERRED TAX (Continued)

Certain subsidiaries of the Group have tax losses arising in Hong Kong in total of HK\$139,715,000 (2017: HK\$110,292,000) as at 31 March 2018, that are available indefinitely for offsetting against their future taxable profits of those companies in which the losses arose. The Group also has tax losses arising in the PRC of HK\$64,124,000 (2017: HK\$29,379,000) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 March 2018, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK\$160,571,000 at 31 March 2018 (2017: HK\$124,273,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. ISSUED CAPITAL

	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:		
As at 31 March 2017 and 31 March 2018	10,000,000,000	100,000
Issued and fully paid:		
As at 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	1,411,226,450	14,112



Notes to Financial Statements (continued)

31 March 2018

28. SHARE OPTION SCHEMES

(a) Share option scheme

The Company operates a share option scheme ("Share Option Scheme") for the purpose of motivating eligible persons to optimise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain ongoing relationships with such eligible persons whose contributions are/will or expected to be beneficial to the Group. The Share Option Scheme became effective on 5 November 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over shares or other securities by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Listing Date (without taking into account the shares which may be issued and allotted pursuant to the exercise of the over-allotment option and the options which may be or have been granted under the Pre-IPO share option scheme and the Share Option Scheme) unless shareholders' approval has been obtained.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not, in aggregate, exceed 30% of the issued share capital of the Company from time to time. No options may be granted under any schemes of the Company (including the share option scheme) if this will result in the said 30% limit being exceeded.

The total number of shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible participant under the Share Option Scheme and any other schemes of the Group (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares of the Company in issue. Any grant of further share options above this limit shall be subject to certain requirements provided under the Listing Rules.

Any grant of options to a connected person under the Listing Rules must be approved by all of the Company's independent non-executive directors (excluding any independent non-executive director who is a proposed grantee).

The offer of a grant of share options may be accepted within upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price for any share under the Share Option Scheme shall be a price determined by the board of directors and notified to each grantee and shall not be less than the highest of (i) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the date of grant of the relevant option, which must be a business day, (ii) an amount equivalent to the average of the closing prices of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option and (iii) the nominal value of a share on the date of grant.

Notes to Financial Statements (continued)

31 March 2018

28. SHARE OPTION SCHEMES (Continued)

(a) Share option scheme (Continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share options were granted during the current and prior years, and no share options were outstanding under the Share Option Scheme as at 31 March 2018.

(b) Pre-IPO share option scheme

The Company operates a share option scheme (the "Pre-IPO Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Pre-IPO Share Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Company's shareholders, and any non-controlling shareholder in the Company's subsidiaries. The Pre-IPO Share Option Scheme became effective on 5 November 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

No outstanding share option was noted as at 31 March 2018.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Movements in the number of share options outstanding and their related average exercise prices during the year ended 31 March 2018 and 2017 are as follows:

	2018		2017	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At beginning of year	2.27	26,800	2.27	26,800
Expired during the year	2.27	(26,800)	–	–
At end of year	–	–	2.27	26,800

During the year, the share options lapsed due to expiry of exercise period and the respective share option reserve of HK\$9,421,000 was transferred to retained profits.

Notes to Financial Statements (continued)

31 March 2018

28. SHARE OPTION SCHEMES (Continued)

(b) Pre-IPO share option scheme (Continued)

In the prior year, the exercise prices and exercise periods of the share options outstanding as at the end of the reporting period were as follows:

2017

Number of options '000	Exercise price* HK\$ per share	Exercise period
13,200	2.27	26-11-13 to 25-11-17
13,600	2.27	26-11-15 to 25-11-17
<u>26,800</u>		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

At the end of the reporting period, the Company did not have any share options outstanding under the Pre-IPO Share Option Scheme. In the prior year, the exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 26,800,054 additional ordinary shares of the Company and additional share capital of HK\$268,000 (before issue expenses).

At the date of approval of these financial statements, the Company had nil (2017: 26,800,054) share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 0% (2017: 1.9%) of the Company's shares in issue as at that date.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(i) Merger reserve

The merger reserve represents the reserve arising pursuant to the group reorganisation in 2012.

(ii) Statutory reserve

Transfers from retained profits to the statutory reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC, and were approved by the respective boards of directors.

Notes to Financial Statements (continued)

31 March 2018

30. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the current year, the Group recognised the estimated obligations, included in the Group's property, plant and equipment, of HK\$1,890,000 (2017: HK\$4,101,000) to dismantle, remove and restore certain items of property, plant and equipment in respect of the restaurants under operating leases.

(b) Changes in liabilities arising from financing activities:

	Interest-bearing bank borrowings HK\$'000	Finance lease payables HK\$'000
At April 2017	71,485	–
New bank loans	66,832	725
Repayment of bank loans	(71,485)	–
At March 2018	66,832	725

31. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2018 HK\$'000	2017 HK\$'000
Bank guarantees in favour of landlords in lieu of rental deposits	9,095	8,092

32. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 24 to the financial statements. The Group's bank guarantees in lieu of rental deposits are secured by the pledged time deposits of the Group and are included in notes 20 and 21 to the financial statements, amounting to HK\$9,102,000 (2017: HK\$8,098,000).

Notes to Financial Statements (continued)

31 March 2018

33. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its restaurants, office premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to ten years.

At 31 March 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 HK\$'000	2017 HK\$'000
Within one year	249,789	216,650
In the second to fifth years, inclusive	448,141	400,415
After five years	49,031	83,697
	746,961	700,762

In addition, the operating lease rentals for certain restaurants are based on the higher of a fixed rental and a contingent rent depending on the sales of these restaurants pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales of these restaurants could not be reliably determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33 above, the Group had the following capital commitments at the end of the reporting period.

	2018 HK\$'000	2017 HK\$'000
Contracted, but not provided for:		
Land and buildings	–	8,122
Leasehold improvements	13,802	2,661
Intangible assets	4,341	847
	18,143	11,630

Notes to Financial Statements (continued)

31 March 2018

35. RELATED PARTY TRANSACTIONS

- (i) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	2018 HK\$'000	2017 HK\$'000
Sale of food to joint ventures	(a)	29,943	27,690
Rental fees paid and payable to:			
Success Path Limited	(b)	3,208	3,208
Champion Stage Limited	(b)	2,275	2,275
Joy Express Limited	(b)	13,662	13,592
Cheermax Limited	(c)	–	80

The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The directors are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.

The related party transactions in respect of rental fees above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes:

- (a) The selling prices of food sold to joint ventures were mutually agreed between the parties, which approximated market rates.
- (b) These related parties are controlled by the current and former directors of the Company, namely Mr. Lee Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Wai Keung and Mr. Cheung Yue Pui. Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Wai Keung and Mr. Cheung Yue Pui are the former directors of the Company. The rental fees were determined between the Group and the parties, which approximated market rates.
- (c) This related party is controlled by Ms. Chan Choi Fung, the spouse of Mr. Lee Yuen Hong and the rental fee was mutually agreed between the parties and approximated market rates.



Notes to Financial Statements (continued)

31 March 2018

35. RELATED PARTY TRANSACTIONS *(Continued)*

- (ii) Compensation of key management personnel of the Group, including directors' and the chief executive's remuneration as disclosed in note 8 to the financial statements, is as follows:

	2018 HK\$'000	2017 HK\$'000
Short term employee benefits	11,596	13,456
Post-employment benefits	92	126
	11,688	13,582

36. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 March 2018 and 2017, all the financial assets and liabilities of the Group were loans and receivables and financial liabilities at amortised cost, respectively.

Notes to Financial Statements (continued)

31 March 2018

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments reasonably approximate to fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged time deposits, pledged time deposits with original maturity of more than three months, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the directors and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the directors twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 March 2018 was assessed to be insignificant.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

The Group did not have any financial assets measured at fair value as at 31 March 2018 and 2017.

Liabilities for which fair values are disclosed:

HK\$'000	Quoted prices in active markets (Level 1)	Fair value measurement using		Total
		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
As at 31 March 2018				
Other payable and accruals				
— non-current portion	–	42,620	–	42,620
Finance lease payables				
— non-current portion	–	529	–	529
	–	43,149	–	43,149
As at 31 March 2017				
Other payable and accruals				
— non-current portion	–	17,294	–	17,294

Notes to Financial Statements (continued)

31 March 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, interest-bearing bank borrowings and finance lease payables. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, non-current rental deposits, trade payables, other payables and accruals and balances with joint ventures.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group operates at a low gearing ratio and as the market interest rates are stable and are maintained at a relatively low level, the Group's interest rate risk is not significant.

The following table demonstrates the sensitivity to a reasonably possible change in Hong Kong dollar interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK\$'000
2018		
HK\$	100	(668)
HK\$	(100)	668
2017		
HK\$	100	(715)
HK\$	(100)	715

Notes to Financial Statements (continued)

31 March 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars or RMB.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in RMB/HK\$ exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in fair value of monetary assets and liabilities).

	Increase/ (decrease) in profit before tax HK\$'000
31 March 2018	
If Hong Kong dollar weakens against RMB by 5%	4,494
If Hong Kong dollar strengthens against RMB by 5%	(4,494)
31 March 2017	
If Hong Kong dollar weakens against RMB by 5%	2,970
If Hong Kong dollar strengthens against RMB by 5%	(2,970)

Notes to Financial Statements (continued)

31 March 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Less than one year or on demand HK\$'000	Above one year HK\$'000	Total HK\$'000
31 March 2018			
Trade payables	89,104	–	89,104
Financial liabilities included in other payables and accruals	98,230	42,620	140,850
Finance lease payables	232	564	796
Interest-bearing bank borrowings	67,322	–	67,322
Bank guarantees in lieu of rental deposits	9,102	–	9,102
	263,990	43,184	307,174
31 March 2017			
Trade payables	77,044	–	77,044
Financial liabilities included in other payables and accruals	108,726	17,294	126,020
Interest-bearing bank borrowings	72,893	–	72,893
Bank guarantees in lieu of rental deposits	8,098	–	8,098
	266,761	17,294	284,055



Notes to Financial Statements (continued)

31 March 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

The Group monitors capital using a gearing ratio, which is expressed as a percentage of interest-bearing bank borrowings plus finance lease payables over capital. Capital represents equity attributable to owners of the Company. The gearing ratios as at the end of the reporting periods were as follows:

	2018 HK\$'000	2017 HK\$'000
Interest-bearing bank borrowings	66,832	71,485
Finance lease payables	725	–
	67,557	71,485
Equity attributable to owners of the Company	1,214,405	1,159,013
Gearing ratio	5.6%	6.2%

Notes to Financial Statements (continued)

31 March 2018

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2018 HK\$'000	2017 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	1,202,754	1,202,754
CURRENT ASSETS		
Prepayments, deposits and other receivables	86	236
Due from subsidiaries	206,231	833,388
Cash and bank balances	90,615	109,779
Total current assets	296,932	943,403
CURRENT LIABILITIES		
Other payables and accruals	33	34
Due to subsidiaries	72,460	58,867
Total current liabilities	72,493	58,901
NET CURRENT ASSETS	224,439	884,502
Net assets	1,427,193	2,087,256
EQUITY		
Share capital	14,112	14,112
Reserves (Note)	1,413,081	2,073,144
Total equity	1,427,193	2,087,256

Notes to Financial Statements (continued)

31 March 2018

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Retained profits/ (accumulated loss HK\$'000	Total HK\$'000
At 1 April 2016	855,973	1,200,754	9,421	48,979	2,115,127
Profit and total comprehensive income for the year	–	–	–	29,990	29,990
2016 special dividend	–	–	–	(22,580)	(22,580)
2016 final dividend	–	–	–	(21,168)	(21,168)
2017 interim dividend	–	–	–	(28,225)	(28,225)
At 31 March 2017 and 1 April 2017	855,973	1,200,754	9,421	6,996	2,073,144
Profit and total comprehensive income for the year	–	–	–	(582,446)	(582,446)
Transfer of share option reserve upon lapse of share options	–	–	(9,421)	9,421	–
2017 special dividend	(28,225)	–	–	–	(28,225)
2017 final dividend	(21,168)	–	–	–	(21,168)
2018 interim dividend	(28,224)	–	–	–	(28,224)
At 31 March 2018	778,356	1,200,754	–	(566,029)	1,413,081

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation, over the nominal value of the Company's shares issued in exchange therefor.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 3.1 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.



Notes to **Financial Statements (continued)**

31 March 2018

40. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation. In the opinion of the directors of the Company, this presentation would better reflect the financial performance of the Group.

41. EVENT AFTER THE REPORTING PERIOD

On 9 March 2018, Kang Wang Holdings Limited ("Kang Wang"), a wholly-owned subsidiary of the Group, entered into a joint venture agreement with Jumbo F&B Services Pte. Ltd. ("Jumbo"), an indirect wholly-owned subsidiary of Jumbo Group Limited which is listed on the Catalist Board of Singapore Exchange Securities Trading Limited, in respect of the opening of restaurants in Singapore through the formation of a joint venture Vista F&B Services Pte. Ltd ("Vista"). In addition, Tsui Wah International Patent Limited; a wholly-owned subsidiary of the Company, and Vista entered into a franchise agreement (the "Franchise Agreement") in relation to setting up and operating Hong Kong styled Cha Chaan Teng restaurant outlet(s) in Singapore under the Tsui Wah brand. Pursuant to the Franchise Agreement, Kang Wang and Jumbo subscribed for shares in Vista in the proportion of 51% and 49% respectively, and the investment cost of Kang Wang of approximately S\$255,000 (equivalent to approximately HK\$1,526,000) and the first interest-free loan of approximately S\$1,275,000 (equivalent to approximately HK\$7,670,000) were settled in cash. The formation of the joint venture became effective on 24 April 2018 upon the allotment of shares in Vista.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 June 2018.



Particulars of **Investment Properties**

31 March 2018

Investment Properties Location	Use	Tenure	Attributable interest of the Group
Rooms 2801, 2802, 2803 and 2805, No. 15 Huangpu District, Shanghai, China	Office	Long term lease	100%
Building No. 2, No. 3 (1 and 2/F), 518 Shu Hai Lu, Songjiang District, Shanghai, China	Industrial	Long term lease	100%

Five-Year Financial Summary

A summary of the consolidated results of the Group for the five years ended 31 March 2014, 2015, 2016, 2017 and 2018 and the consolidated assets, liabilities and non-controlling interests of the Group as at 31 March 2014, 2015, 2016, 2017 and 2018 as extracted from the Company's published audited financial statements, together with the key financial performance indicator of the above period, is set out below.

RESULTS

	Year ended 31 March				
	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000
REVENUE	1,839,754	1,845,405	1,867,646	1,801,000	1,473,691
PROFIT BEFORE TAX	106,761	127,980	109,633	190,076	189,804
Income tax expense	(25,991)	(37,282)	(37,162)	(32,485)	(33,761)
PROFIT FOR THE YEAR	80,770	90,698	72,471	157,591	156,043
Profit attributable to:					
Owners of the Company	80,205	90,483	71,675	157,407	156,031
Non-controlling interests	565	215	796	184	12
	80,770	90,698	72,471	157,591	156,043

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000
TOTAL ASSETS	1,566,238	1,482,717	1,505,022	1,564,188	1,449,258
TOTAL LIABILITIES	(350,223)	(322,409)	(334,525)	(331,982)	(300,244)
	1,216,015	1,160,308	1,170,497	1,232,206	1,149,014
EQUITY:					
Equity attributable to owners of the Company	1,214,405	1,159,013	1,169,417	1,231,922	1,148,917
Non-controlling interests	1,610	1,295	1,080	284	97
	1,216,015	1,160,308	1,170,497	1,232,206	1,149,014



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