TACK HSIN HOLDINGS LIMITED

Stock Code: 00611

Annual Report 2008

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Chan Shu Kit *(Chairman)*
Mr. Kung Wing Yiu *(Deputy Chairman)*
Mr. Chan Ho Man

Independent non-executive Directors:

Mr. Kung Fan Cheong
Mr. Chan Ka Ling, Edmond
Mr. Lo Kin Cheung

AUDIT COMMITTEE

Mr. Chan Ka Ling, Edmond *(Chairman)*
Mr. Kung Fan Cheong
Mr. Lo Kin Cheung

REMUNERATION COMMITTEE

Mr. Chan Ka Ling, Edmond *(Chairman)*
Mr. Chan Shu Kit
Mr. Kung Fan Cheong
Mr. Lo Kin Cheung

COMPANY SECRETARY

Mr. Tam Cheuk Ho

PRINCIPAL BANKERS

Chong Hing Bank Limited
HSBC Holdings Plc

AUDITORS

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

HONG KONG LEGAL ADVISER

Richards Butler
19th Floor
Alexandra House
Central
Hong Kong

BERMUDA LEGAL ADVISER

Conyers, Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

HONG KONG SHARE REGISTRARS

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

HONG KONG PRINCIPAL OFFICE

Unit 1203 12/F
Peninsula Centre
67 Mody Road
Tsim Sha Tsui East
Kowloon
Hong Kong

STOCK CODE

611

Chairman's Statement

REVIEW OF OPERATIONS

Dividend

The Directors recommend the payment of a final dividend of HK2.5 cents per share (2007: HK1.5 cents per share) for the year ended 31 March 2008, payable to shareholders whose names appear in the register of members of the Company on Monday, 8 September 2008. The dividend will be payable on Friday, 19 September 2008.

Financial Review

For the year under review, as Hong Kong economy followed the external trend, local consumer sentiment grew higher and property market became more active. The Group took this opportunity and disposed recently part of its properties at a reasonable market price, which further improved the Group's cash flow.

The Group's consolidated revenue for the year ended 31 March 2008 was HK$261,654,000, which increased by HK$68,947,000 compared to revenue of HK$192,707,000 in last year. The consolidated profit for the year attributable to equity holders of the parent was HK$13,281,000 (2007: HK$792,000). The increase in profit as compared to last year was mainly attributable to the restaurant operations. The earnings per share was HK3.7 cents (2007: HK0.2 cents).

The Group currently maintains sufficient cash flow, which is considered to be useful for continuous development purpose in the future.

Restaurant Operation Review

As a result of increasing Hong Kong economic activities and the growing consumption desire by local consumers last year, the Group recorded a significant increase in restaurant operations in the second half of the year. The business progress of the newly opened branches which commenced operation in 2007 was on average better than our expectation.

Despite a dramatic surge in the price of food in last year, the impact on our gross profit was relatively low, which was due to the Group able to keep food cost at a controllable range by taking advantage of bulk purchase, and the Group also sourced new channels for lower price in the market from time to time. Therefore, the gross profit margin was maintained within 66%, which was the same as last year.

The Group started looking for restaurant sites since the summer of 2006 and a suitable site was identified at MegaBox Shopping Mall in Kowloon Bay with an area of 10,300 square feet. The Group invested an aggregate of HK$9,000,000 and started renovation without delay. The new restaurant commenced operation in early June 2007.

Hotel Operation Review

Our featured hotel planned in 2005 was named "Sunny Day Hotel". It is located in the centre of Mongkok and right behind Langham Place providing 39 rooms. Target customers are mainly individual visitors. The Hotel commenced operation in June 2007, with business becoming stable gradually and occupancy rate increased steadily.

Chairman's Statement

Property Review

Our properties are located at the land of Lot No. 710 in DD 332, Lantau Island, New Territories, Hong Kong, which comprise of House "A" and House "B" and are held for long-term rental yields. Seeing the improvement of property market conditions in Hong Kong recently and the buyers' intention to purchase, the Board considers that we should grasp the opportunity to dispose of the properties to make profits, and the price of HK$24,920,000 was determined by vendor and purchaser after arm's length negotiation. The Group recorded gain on disposal of approximately HK$5,600,000. The disposal has been completed on 25 March 2008, please refer to the announcement dated 3 March 2008 for details.

The land in Lantau Island acquired in 2005 are located at Lot Nos. 2902, 2903, 2904, 2905, 2906 and 2908 in DD 1 Tung Chung, Lantau Island, New Territories. Considering the recent growth of property market in Hong Kong, the Board is of view that it is a good chance for the Company to make profits by the disposal. The consideration of HK$13,500,000 was determined by vendor and purchaser after arm's length negotiation and of the commercial decision by both parties. The Directors are of view that it is in the interests of the Company and its shareholders as a whole.

It is expected that the Group will record a net gain from the disposal of land of approximately HK$8,000,000 which is based on the difference between the net proceeds from the disposal of HK$12,600,000 and the cost of the land of HK$4,600,000 as at 31 March 2008. Before completion, the land was treated as a property held for development, but stated at cost in the financial statements of the Group. Upon completion, we expect that our assets will increase approximately HK$8,000,000, and the liabilities of the Group keep unchanged. The Board believes that the transaction terms of the Disposal are fair and reasonable and in the interests of the Company and its shareholders as a whole.

And the related transaction will be completed on or before 25 August 2008, please refer to the announcement dated 5 June 2008 for details.

Liquidity and Financial Resources

As at 31 March 2008, the Group had bank and other borrowings of HK$10,744,000 (2007: HK$14,184,000). The secured bank loan of approximately HK$10,744,000 (2007: HK$11,152,000) was secured by the Group's investment properties with carrying values of HK$25,000,000 (2007: HK$25,000,000), and guarantees given by the Company and a subsidiary. As at 31 March 2007, the bank overdrafts of approximately HK$2,875,000 were guaranteed by the Company.

The bank and other borrowings of the Group as at 31 March 2008 include: borrowings of HK$509,000 are repayable within one year; borrowings of HK$533,000 are repayable within two years; borrowings of HK$1,750,000 are repayable within three to five years; borrowings of HK$7,952,000 are repayable after five years. All of these borrowings are subject to a floating rate.

The aggregate cash and bank balances was approximately HK$51,484,000 (2007: HK$31,542,000), representing an increase of 63.2%, with most of them being short term deposits with a maturity of less than 3 months. The shareholders' equity was HK$95,963,000 (2007: HK$87,589,000). The ratio of non-current liabilities to shareholders' equity was 0.11 (2007: 0.14).

The Group's cash and borrowings are mainly denominated in Hong Kong dollars, and hence it is not exposed to exchange risk.

Contingent Liabilities

At the balance sheet date, the Group had no material contingent liabilities.

Chairman's Statement

Number of Employees and Remuneration Policy

As at 31 March 2008, the Group had 512 employees, the remuneration packages of whom are being reviewed annually with reference to the prevailing market condition.

OUTLOOK

In view of the sustainable growth in local economic environment, the steady uptrend in employment rate and the obvious recovery in restaurant consumption market, the Group is still optimistic about our future business prospects and will actively expand the local market share by taking stable steps so as to match our long-term development plan and to increase our strengthen in the continuous market competition.

Recently, a place is identified in Sham Shui Po District suitable for the Group's restaurant purpose, which is located at whole 1st floor of Golden Centre, Yen Chow Street, Kowloon, with a floor area of approximately 8,500 square feet for operation. We expect to invest approximately HK$7,000,000 and it will commence operation in late August 2008, and its major operation strategy is providing Tack Hsin food and special hotpot for customers in the district.

By Order of the Board
Chan Shu Kit
Chairman

Hong Kong, 22 July 2008

Corporate Governance Report

The board of directors (the "Board") of the Company is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2008.

CORPORATE GOVERNANCE PRACTICES OF TACK HSIN HOLDINGS LIMITED

The Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

In the opinion of the directors, the Company has complied with all the major code provisions as set out in the CG Code save for the deviation from the code provisions in respect of the separation of the roles of Chairman and Chief Executive Officer, details of which will be explained below.

The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

A. THE BOARD

(1) Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors take decisions objectively in the interests of the Company.

All directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the interests of the Company and its shareholders at all times.

(2) Delegation of Management Functions

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

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board has the full support of the senior management to discharge its responsibilities.

(3) Board Composition

The Board currently comprises 6 members, consisting of 3 executive directors and 3 independent non-executive directors. The Company has adopted the recommended best practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive directors.

The Board of the Company comprises the following directors:

Executive directors:

Mr. Chan Shu Kit, Chairman of the Board, Chief Executive Officer and member of the Remuneration Committee
Mr. Kung Wing Yiu, Deputy Chairman of the Board
Mr. Chan Ho Man

Independent non-executive directors:

Mr. Chan Ka Ling, Edmond, Chairman of the Audit Committee and the Remuneration Committee
Mr. Kung Fan Cheong, member of the Audit Committee and the Remuneration Committee
Mr. Lo Kin Cheung, member of the Audit Committee and the Remuneration Committee

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The relationships among the members of the Board are disclosed under "Biographical details of the directors" on page 17.

During the year ended 31 March 2008, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The non-executive directors bring a wide range of business and financial enterprise, experience and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and serving on Board committees, all non-executive directors have made various contributions to the effective direction of the Company.

(4) Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws. Though the Company has not set up a nomination committee, the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

The Board reviews its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

Each of the executive directors of the Company has entered into a service agreement with the Company on 1 April 2007 for a term of two years and is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company.

Each of the independent non-executive directors of the Company has entered into a service agreement with the Company with effect from 1 April 2007 and is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company and the appointment shall be extended for a further period of calendar years, until 31 March 2009.

In accordance with the Company's Bye-laws, all the existing directors shall retire from the office at the annual general meeting and shall be eligible for re-election. Mr. Chan Shu Kit, Mr. Kung Wing Yiu, Mr. Chan Ho Man, Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung, shall retire and being eligible, offer themselves for re-election at the next forthcoming annual general meeting of the Company.

The Board recommended the re-appointment of the directors standing for re-election at the next forthcoming annual general meeting of the Company.

The Company's circular dated 31 July 2008 contains detailed information of the directors standing for re-election.

(5) Training for Directors

Each newly appointed director receives formal, tailored and comprehensive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Continuing briefing and professional development for directors will be arranged whenever necessary.

(6) Board Meetings

Number of Meetings and Directors' Attendance

During the year ended 31 March 2008, 4 regular Board meetings were held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Apart from regular Board meeting, 1 Remuneration Committee meeting and 2 Audit Committee meetings were held. In addition, 12 Business meetings attended only by the executive directors of the Company were also held during the year.

The attendance records of each director at the meetings of the Full Board, Remuneration Committee, Audit Committee and Business during the year ended 31 March 2008 are set out below:

	Attendance/Number of Meetings			
Name of Directors	**Full Board**	**Business**	**Remuneration Committee**	**Audit Committee**
Chan Shu Kit	4/4	12/12	1/1	N/A
Kung Wing Yiu	4/4	12/12	1/1	N/A
Chan Ho Man	4/4	12/12	1/1	N/A
Kung Fan Cheong	4/4	N/A	1/1	2/2
Chan Ka Ling, Edmond	4/4	N/A	1/1	2/2
Lo Kin Cheung	4/4	N/A	1/1	2/2

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chairman/Chief Executive Officer, Financial Controller and Company Secretary attend all regular Full Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Bye-laws contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Chan Shu Kit is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

C. BOARD COMMITTEES

The Board has established two committees, namely, the Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

(1) Remuneration Committee

The Remuneration Committee comprises 4 members, namely, Mr. Chan Ka Ling, Edmond (Chairman), Mr. Chan Shu Kit, Mr. Kung Fan Cheong and Mr. Lo Kin Cheung.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee normally meets at least once a year for reviewing the remuneration policy and structure and determining the annual remuneration packages of the executive directors and the senior management and other related matters. The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman/the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee met once during the year ended 31 March 2008 and reviewed the remuneration policy and structure of the Company and remuneration packages of the executive directors and the senior management for the year under review.

(2) Audit Committee

The Audit Committee comprises 3 independent non-executive directors, namely, Mr. Chan Ka Ling, Edmond (Chairman), Mr. Kung Fan Cheong and Mr. Lo Kin Cheng (including two independent non-executive directors who possess the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the financial controller or external auditors before submission to the Board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee held two meetings during the year ended 31 March 2008 to review the financial results and reports, financial reporting and compliance procedures and the re-appointment of the external auditors.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31 March 2008 have been reviewed by the Audit Committee.

D. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (its "Own Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Own Code and the Model Code throughout the year ended 31 March 2008.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

E. DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2008.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

F. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report" on pages 19 and 20.

The Company engaged Ernst & Young as the statutory auditors of the Company. The principal services provided by Ernst & Young for the year ended 31 March 2008 include the review of interim condensed consolidated financial statements of the Group, the audit of annual consolidated financial statements of the Group, and the audit of the financial statements of certain subsidiaries of the Group. Ernst & Young were also engaged in providing taxation services to the Group. The remuneration in respect of audit and non-audit services provided by Ernst & Young to the Company for the year ended 31 March 2008 is summarised as follows:

	HK$'000
Audit fees	792
Non-audit fees:	
Interim review service	202
Taxation services	173
	375
Total	1,167

G. INTERNAL CONTROLS

During the year under review, the Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Company. The review has covered the financial, operational, compliance and risk management aspects of the Group.

H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Remuneration Committee and Audit Committee and, in their absence, other members of the respective committees are available to answer questions at shareholders meetings.

To promote effective communication, the Company maintains a website at http://tackhsin.etnet.com.hk, where extensive information and updates on the Company's financial information and other information are posted.

I. SHAREHOLDER RIGHTS

To safeguard shareholder interests and rights, separate resolutions are proposed at shareholder meetings on each substantial issue, including the election of individual directors.

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders meetings are contained in the Company's Bye-laws. Details of rights to demand a poll are included in all circulars to shareholders and explained in the proceedings of meetings.

Poll results will be posted on the websites of the Company and of the Stock Exchange after the shareholder meeting at which voting is taken on a poll.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 20 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 21 to 69.

The directors recommended the payment of a final dividend of HK2.5 cents per ordinary share in respect of the year to shareholders on the register of members on Monday, 8 September 2008. This recommendation has been incorporated in the financial statements as an allocation of contributed surplus within the equity section of the balance sheet.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 70. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements, respectively.

SHARE CAPITAL

There were no movements in either the Company's authorised or issued share capital during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 31(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2008, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended), amounted to approximately HK$21,668,000, of which approximately HK$9,008,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of approximately HK$37,934,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the five largest customers of the Group accounted for less than 30% of the Group's total sales for the year. Purchases from the five largest suppliers of the Group accounted for approximately 37% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 12%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued capital) had any beneficial interest in the Group's five largest suppliers.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Chan Shu Kit *(Chairman)*
Kung Wing Yiu *(Deputy Chairman)*
Chan Ho Man

Independent non-executive directors:

Kung Fan Cheong
Chan Ka Ling, Edmond
Lo Kin Cheung

In accordance with the Company's bye-laws, all directors will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from each of the independent non-executive directors, and still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors of the Company has entered into a service agreement with the Company on 1 April 2007 for a term of two years and is subject to retirement and re-election at each annual general meeting of the Company in accordance with the bye-laws of the Company.

Each of the independent non-executive directors of the Company has entered into a service agreement with the Company with effect from 1 April 2007 and is subject to retirement and re-election at each annual general meeting of the Company in accordance with the bye-laws of the Company and the appointment shall be extended for a further period of calendar years, until 31 March 2009.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 35 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

At 31 March 2008, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company

	Number of shares held, capacity and nature of interest			
Name of director	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**Percentage of the Company's issued share capital**
Chan Shu Kit	–	114,240,000 *(note)*	114,240,000	31.70
Kung Wing Yiu	7,802,000	–	7,802,000	2.16

Note: These shares are held through Hoylake Holdings Limited, a company wholly owned by Chan Shu Kit.

Save as disclosed above, as at 31 March 2008, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

At 31 March 2008, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company

Name	**Capacity and nature of interest**	**Number of shares held**	**Percentage of the Company's issued share capital**
Hoylake Holdings Limited *(note)*	Directly beneficially owned	114,240,000	31.70

Note: This interest has also been disclosed as an interest of Chan Shu Kit under the section headed "Directors' interests and short positions in shares" above.

Save as disclosed above, as at 31 March 2008, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' interests and short positions in shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

BIOGRAPHICAL DETAILS OF THE DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Chan Shu Kit	59	Chairman	25	Mr. Chan is a co-founder of the Group and has over 36 years' experience in the catering business. He is responsible for the overall corporate strategy of the Group and is acting as director of subsidiaries of the Company. He is the father of Mr. Chan Ho Man.
Kung Wing Yiu	56	Deputy chairman	22	Mr. Kung is responsible for business development and restaurant site selection and is acting as director of subsidiaries of the Company. He has over 31 years' business experience. He joined the Group in 1986.
Chan Ho Man	32	Executive director	7	Mr. Chan joined the Company on 1 March 2001 and has been involved in the management and operation of the Company's restaurant business. He is acting as director of subsidiaries of the Company. He is the son of Mr. Chan Shu Kit.
Kung Fan Cheong	53	Independent non-executive director	16	Mr. Kung is a partner in a law firm of Pang, Kung & Co. and is a member of the Law Society of Hong Kong.
Chan Ka Ling, Edmond	49	Independent non-executive director	16	Mr. Chan is a partner of Chan and Chan, Certified Public Accountants. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (UK).
Lo Kin Cheung	44	Independent non-executive director	4	Mr. Lo is the Chief Financial Officer of SNP Leefung Holdings Limited. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants (UK) and an associate member of the Certified General Accountants of Canada and the Institute of Chartered Accountants in England and Wales.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

POST BALANCE SHEET EVENT

Details of the significant post balance sheet event of the Group are set out in note 38 to the financial statements.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chan Shu Kit
Chairman

Hong Kong
22 July 2008

ERNST & YOUNG
安永會計師事務所

To the shareholders of Tack Hsin Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Tack Hsin Holdings Limited set out on pages 21 to 69, which comprise the consolidated and company balance sheets as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report (continued)

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
18/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

22 July 2008

Consolidated Income Statement

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
REVENUE	5	**261,654**	192,707
Other income and gains	5	**8,367**	4,425
Cost of inventories used		**(89,875)**	(65,545)
Staff costs		**(76,437)**	(58,887)
Rental expenses		**(27,723)**	(22,020)
Utility expenses		**(21,545)**	(16,572)
Depreciation	14	**(5,013)**	(4,012)
Other operating expenses		**(37,286)**	(28,476)
Finance costs	6	**(840)**	(936)
Share of profits and losses of jointly-controlled entity		**–**	(208)
PROFIT BEFORE TAX	7	**11,302**	476
Tax	10	**2,351**	599
PROFIT FOR THE YEAR		**13,653**	1,075
Attributable to:			
Equity holders of the parent	11	**13,281**	792
Minority interests		**372**	283
		13,653	1,075
DIVIDEND			
Proposed final	12	**9,008**	5,405
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	13	**3.7 cents**	0.2 cents

Consolidated Balance Sheet

31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**23,146**	21,164
Investment properties	15	**25,000**	44,400
Prepaid land lease payments	16	**4,845**	4,925
Property held for development	17	**4,665**	4,665
Interest in a jointly-controlled entity	18	**–**	754
Deferred tax assets, net	29	**2,083**	1,086
Total non-current assets		**59,739**	76,994
CURRENT ASSETS			
Inventories		**6,255**	3,168
Trade receivables	21	**484**	193
Prepayments, deposits and other receivables	22	**13,712**	12,733
Cash and cash equivalents	23	**51,484**	31,542
Total current assets		**71,935**	47,636
CURRENT LIABILITIES			
Trade payables	24	**5,134**	4,525
Other payables and accruals	25	**18,577**	13,888
Interest-bearing bank and other borrowings	26	**509**	3,368
Amounts due to minority shareholders		**–**	1,579
Tax payable		**–**	101
Provision for long service payments	28	**1,256**	1,256
Total current liabilities		**25,476**	24,717
NET CURRENT ASSETS		**46,459**	22,919
TOTAL ASSETS LESS CURRENT LIABILITIES		**106,198**	99,913
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	26	**10,235**	10,816
Deferred tax liabilities, net	29	**–**	1,508
Total non-current liabilities		**10,235**	12,324
Net assets		**95,963**	87,589

Consolidated Balance Sheet (continued)

31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	*30*	**36,032**	36,032
Reserves	*31(a)*	**50,617**	46,012
Proposed final dividend	*12*	**9,008**	5,405
		95,657	87,449
Minority interests		**306**	140
Total equity		**95,963**	87,589

Chan Shu Kit
Director

Kung Wing Yiu
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2008

		Attributable to equity holders of the parent								
		Issued share capital	Share premium account	Contributed surplus	Fixed asset revaluation reserve	Retained profits/ (accumulated losses)	Proposed final dividend	Total	Minority interests	Total equity
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006		36,032	37,934	19,679	–	(7,004)	3,603	90,244	68	90,312
Surplus arising from revaluation		–	–	–	16	–	–	16	–	16
Total income and expense for the year recognised directly in equity		–	–	–	16	–	–	16	–	16
Profit for the year		–	–	–	–	792	–	792	283	1,075
Total income and expense for the year		–	–	–	16	792	–	808	283	1,091
Dividends paid to minority shareholders		–	–	–	–	–	–	–	(211)	(211)
Final 2006 dividend declared		–	–	–	–	–	(3,603)	(3,603)	–	(3,603)
Proposed final 2007 dividend	*12*	–	–	(5,405)	–	–	5,405	–	–	–
At 31 March 2007 and 1 April 2007		36,032	37,934*	14,274*	16*	(6,212)*	5,405	87,449	140	87,589
Surplus arising from revaluation		–	–	–	332	–	–	332	–	332
Total income and expense for the year recognised directly in equity		–	–	–	332	–	–	332	–	332
Profit for the year		–	–	–	–	13,281	–	13,281	372	13,653
Total income and expense for the year		–	–	–	332	13,281	–	13,613	372	13,985
Dividends paid to minority shareholders		–	–	–	–	–	–	–	(206)	(206)
Final 2007 dividend declared		–	–	–	–	–	(5,405)	(5,405)	–	(5,405)
Proposed final 2008 dividend	*12*	–	–	(9,008)	–	–	9,008	–	–	–
At 31 March 2008		36,032	37,934*	5,266*	348*	7,069*	9,008	95,657	306	95,963

* These reserve accounts comprise the consolidated reserves of HK$50,617,000 (2007: HK$46,012,000) in the consolidated balance sheet.

Consolidated Cash Flow Statement

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**11,302**	476
Adjustments for:			
Finance costs	*6*	**840**	936
Share of profits and losses of jointly-controlled entity		**–**	208
Interest income	*5*	**(395)**	(966)
Depreciation	*14*	**5,013**	4,012
Recognition of prepaid land lease payments	*7*	**80**	80
Fair value gains on investment properties	*5*	**–**	(2,809)
Surplus arising from revaluation of buildings	*5*	**(6)**	(6)
Write back of an amount due to a minority shareholder	*5*	**(1,430)**	–
Impairment of amounts due from associates	*7*	**–**	950
Impairment of an amount due from a jointly-controlled entity	*7*	**–**	358
Write off of an amount due from a jointly-controlled entity	*7*	**906**	–
Gain on disposal of associates	*5*	**(39)**	–
Gain on disposal of a jointly-controlled entity	*5*	**(10)**	–
Gain on disposal of an investment property	*5*	**(5,520)**	–
Loss on disposal of items of property, plant and equipment	*7*	**612**	–
		11,353	3,239
Decrease/(increase) in inventories		**(3,087)**	574
Decrease/(increase) in trade receivables		**(291)**	339
Increase in prepayments, deposits and other receivables		**(953)**	(3,672)
Increase in trade payables		**609**	1,216
Increase in other payables and accruals		**4,705**	2,602
Decrease in provision for long service payments		**–**	(640)
Cash generated from operations		**12,336**	3,658
Hong Kong profits tax refund/(paid)		**(270)**	23
Net cash inflow from operating activities		**12,066**	3,681
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	*14*	**(7,358)**	(11,708)
Additions to investment properties	*15*	**–**	(591)
Proceeds from disposal of investment properties		**24,920**	4,800
Proceeds from disposal of items of property, plant and equipment		**89**	–
Disposal of a jointly-controlled entity		**10**	–
Disposal of associates		**39**	–
Advances to a jointly-controlled entity		**(152)**	(186)
Interest received		**384**	966
Net cash inflow/(outflow) from investing activities		**17,932**	(6,719)

Consolidated Cash Flow Statement (continued)

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Net cash inflow/(outflow) from investing activities		**17,932**	(6,719)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		**(408)**	(357)
Capital element of finance lease rental payments		**(157)**	(93)
Dividends paid		**(5,405)**	(3,603)
Dividends paid to minority shareholders		**(206)**	(211)
Acquisition of minority interests		**(149)**	–
Interest paid		**(848)**	(832)
Interest element on finance lease rental payments		**(8)**	(20)
Net cash outflow from financing activities		**(7,181)**	(5,116)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**22,817**	(8,154)
Cash and cash equivalents at beginning of year		**28,667**	36,821
CASH AND CASH EQUIVALENTS AT END OF YEAR		**51,484**	28,667
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**21,484**	11,542
Non-pledged time deposits with original maturity of less than three months when acquired	23	**30,000**	20,000
Bank overdrafts	26	**–**	(2,875)
		51,484	28,667

Balance Sheet

31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	*20*	**110,850**	96,450
CURRENT ASSETS			
Cash and bank balances	*23*	**54**	53
CURRENT LIABILITIES			
Other payables and accruals	*25*	**16**	51
NET CURRENT ASSETS		**38**	2
TOTAL ASSETS LESS CURRENT LIABILITIES		**110,888**	96,452
NON-CURRENT LIABILITIES			
Due to subsidiaries	*20*	**15,254**	8,947
Net assets		**95,634**	87,505
EQUITY			
Issued capital	*30*	**36,032**	36,032
Reserves	*31(b)*	**50,594**	46,068
Proposed final dividend	*12*	**9,008**	5,405
Total equity		**95,634**	87,505

Chan Shu Kit
Director

Kung Wing Yiu
Director

1. CORPORATE INFORMATION

Tack Hsin Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Unit 1203, 12/F Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

During the year, the Group was engaged in the following principal activities:

- restaurant operations
- property investment
- hotel operations

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, 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, except for investment properties and buildings, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2008. The results of subsidiaries are consolidated from the dates of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as an equity transaction.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
HK(IFRIC)-Int 8	*Scope of HKFRS 2*
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivatives*
HK(IFRIC)-Int 10	*Interim Financial Reporting and Impairment*
HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 *Presentation of Financial Statements – Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 37 to the financial statements.

(c) HK(IFRIC)-Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has not issued equity instruments to its employees for identified services provided, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 *Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 April 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

(f) HK(IFRIC)-Int 11 *HKFRS 2 – Group and Treasury Share Transactions*

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no impact on the Group.

2.3 IMPACT OF 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.

HKFRS 2 Amendments	*Share-based Payments – Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 8	*Operating Segments*[1]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[3]
HKAS 32 and HKAS 1 Amendments	*Puttable Financial Instruments and Obligations Arising on Liquidation*[1]
HK(IFRIC)-Int 12	*Service Concession Arrangements*[4]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[5]
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*[4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2009
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 July 2008

HKFRS 2 has been amended to restrict the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. As the Group currently has no share option scheme, HKFRS 2 is not applicable to the Group and therefore is unlikely to have any financial impact on the Group.

HKFRS 3 has been revised to introduce a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 has been revised to require a change in the ownership interest of a subsidiary to be accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes introduced by HKFRS 3 (Revised) and HKAS 27 (Revised) must be applied prospectively and will affect future acquisitions and transactions with minority interests.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 8, which will replace HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 April 2009.

HKAS 1 has been revised to require all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

HKAS 32 and HKAS 1 Amendments have been revised to require puttable financial instruments and instruments or components of instruments that impose on the entity an obligation to deliver to another party a pro rata rate of the share of the net assets of the entity only on liquidation to be classified as equity. The Group expects to adopt HKAS 32 and HKAS 1 Amendments from 1 April 2009.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Jointly-controlled entities

A joint venture company is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interest in a jointly-controlled entity is stated in the consolidated balance sheet 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 reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively.

Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interest in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated balance sheet 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 reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and investment properties), 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 to sell, 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 income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset 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 impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

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

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation 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 income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the fixed asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the fixed asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation 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:

Buildings	2%
Furniture and fixtures	15-20%
Air-conditioning plant	15-20%
Electrical appliances	20%
Office equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation 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 each balance sheet date.

An item of property, plant and equipment 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 income statement 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 structures and other fixed assets under construction or installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and testing during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Kitchen utensils, linen and uniforms

No depreciation is provided on the initial purchase of kitchen utensils, linen and uniforms which are capitalised at cost. The cost of subsequent replacement of these items is charged directly to the income statement in the year in which such expenditure is incurred.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for 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 fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Property held for development

Property held for development is stated at the lower of cost and net realisable value and comprises land costs, construction costs, professional fees and other costs directly attributable to such property incurred during the development period.

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 are included in property, plant and equipment, and depreciated over the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement 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 income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Financial assets in the scope of HKAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss 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 been incurred) 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 either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

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 derecognised where:

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables, amounts due to the minority shareholders and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 income statement.

Inventories

Inventories comprise mainly food and beverages and are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on the estimated selling prices less any estimated costs necessary to make the sale.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, 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, and which 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 balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, 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.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in "finance costs" in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date 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 while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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) receipts from restaurant operations, upon the delivery of food and beverages to customers;

(b) from the rendering of hotel services, when services have been rendered;

(c) rental income, on a time proportion basis over the lease terms; and

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement 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.

Borrowing costs

Borrowing costs are recognised as expenses in the income statement in the period in which they are incurred.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of contributed surplus within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currency transactions

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation 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 are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. 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 date when the fair value was determined.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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.

Fair value of investment properties and buildings

Investment properties and buildings are carried in the balance sheet at their fair value. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve making assumptions on certain market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and buildings, the corresponding adjustments to the gain or loss recognised in the income statement and fixed asset revaluation reserve. For the year ended 31 March 2007, fair value gains on investment properties of approximately HK$2,809,000 were recognised in the income statement. During the year, surplus arising from revaluation of buildings of approximately HK$6,000 and HK$332,000 were recognised in the income statement and fixed asset revaluation reserve, respectively. Further details are contained in notes 14 and 15 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all 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 carrying value of deferred tax assets relating to recognised tax losses at 31 March 2008 was approximately HK$3,462,000 (2007: HK$1,978,000). The amount of unrecognised tax losses at 31 March 2008 was approximately HK$73,469,000 (2007: HK$85,071,000). Further details are contained in note 29 to the financial statements.

4. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. The Group's revenues, results and assets are principally derived from operations carried out in Hong Kong and, accordingly, no geographical segment information is disclosed.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments. Summarised details of the business segments are as follows:

(a) the restaurant segment comprises the Group's restaurant operations;

(b) the property segment comprises the Group's property investments;

(c) the hotel segment comprises the Group's hotel operations; and

(d) the corporate segment comprises the Group's corporate income and expense items.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. SEGMENT INFORMATION (continued)

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2008 and 2007.

Group

	Restaurant		Property		Hotel		Corporate		Eliminations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Revenue	**256,441**	191,591	**16,386**	15,761	**4,307**	–	**9,545**	7,034	**(25,025)**	(21,679)	**261,654**	192,707
Other income and gains	**987**	416	**5,790**	2,815	**76**	3	**673**	557	**(1,033)**	(332)	**6,493**	3,459
Total	**257,428**	192,007	**22,176**	18,576	**4,383**	3	**10,218**	7,591	**(26,058)**	(22,011)	**268,147**	196,166
Segment results	**8,093**	3,034	**3,849**	2,664	**(1,587)**	(3,485)	**(87)**	(1,559)	**–**	–	**10,268**	654
Interest income and unallocated gains											**1,874**	966
Finance costs											**(840)**	(936)
Share of profits and losses of jointly-controlled entity	**–**	(208)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(208)
Profit before tax											**11,302**	476
Tax											**2,351**	599
Profit for the year											**13,653**	1,075

4. SEGMENT INFORMATION (continued)

Group

	Restaurant		Property		Hotel		Corporate		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities										
Segment assets	**37,037**	33,301	**42,139**	58,445	**8,263**	7,940	**42,152**	23,104	**129,591**	122,790
Interests in a jointly-controlled entity	**–**	754	**–**	–	**–**	–	**–**	–	**–**	754
Unallocated assets									**2,083**	1,086
Total assets									**131,674**	124,630
Segment liabilities	**17,915**	17,255	**3,563**	189	**1,394**	1,872	**2,095**	2,036	**24,967**	21,352
Unallocated liabilities									**10,744**	15,689
Total liabilities									**35,711**	37,041
Other segment information:										
Depreciation	**3,632**	2,728	**38**	–	**1,296**	1,205	**47**	79	**5,013**	4,012
Fair value gains on investment properties	**–**	–	**–**	(2,809)	**–**	–	**–**	–	**–**	(2,809)
Surplus arising from revaluation of buildings recognised in the income statement	**(6)**	(6)	**–**	–	**–**	–	**–**	–	**(6)**	(6)
Impairment of amounts due from associates	**–**	950	**–**	–	**–**	–	**–**	–	**–**	950
Impairment of amount due from a jointly-controlled entity	**–**	358	**–**	–	**–**	–	**–**	–	**–**	358
Capital expenditure	**6,816**	3,805	**–**	591	**459**	7,819	**83**	84	**7,358**	12,299

5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the rental income received and receivables from investment properties and hotel operations during the year.

An analysis of revenue, other income and gains is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Receipts from restaurant operations	**256,441**	191,591
Hotel operations	**4,307**	–
Gross rental income *(note 7)*	**906**	1,116
	261,654	192,707
Other income		
Bank interest income	**395**	966
Others	**967**	616
	1,362	1,582
Gains		
Fair value gains on investment properties	**–**	2,809
Surplus arising from revaluation of buildings	**6**	6
Gain on disposal of an investment property	**5,520**	–
Write back of an amount due to a minority shareholder	**1,430**	–
Gain on disposal of a jointly-controlled entity	**10**	–
Gain on disposal of associates	**39**	–
Others	**–**	28
	7,005	2,843
	8,367	4,425

6. FINANCE COSTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**832**	916
Interest on finance leases	**8**	20
	840	936

7. PROFIT BEFORE TAX

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

		Group	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
Minimum lease payments under operating leases:			
Land and buildings		**27,723**	22,020
Office equipment		**56**	44
		27,779	22,064
Recognition of prepaid land lease payments	*16*	**80**	80
Auditors' remuneration		**792**	720
Staff costs (including directors' remuneration *(note 8)*):			
Wages, salaries and bonuses		**72,999**	56,721
Provision/(reversal of provision) for long service payments, net	*28*	**85**	(399)
Pension scheme contributions**		**3,353**	2,565
Total staff costs		**76,437**	58,887
Loss on disposal of items of property, plant and equipment		**612**	–
Write off of an amount due from a jointly controlled entity		**906**	–
Impairment of amounts due from associates*		**–**	950
Impairment of an amount due from a jointly-controlled entity*		**–**	358
Write off of other receivables		**426**	–
Gross rental income	*5*	**(906)**	(1,116)
Less: Outgoings		**226**	243
Net rental income		**(680)**	(873)

* These items are included in "Other operating expenses" on the face of the consolidated income statement.

** At 31 March 2008, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2007: Nil).

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group			
	Executive directors		Independent non-executive directors	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Fees	**–**	–	**300**	300
Other emoluments:				
Salaries, allowances and benefits in kind	**1,704**	1,493	**–**	–
Pension scheme contributions	**33**	31	**–**	–
	1,737	1,524	**300**	300

(a) Independent non-executive directors

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Kung Fan Cheong	**100**	100
Chan Ka Ling, Edmond	**100**	100
Lo Kin Cheung	**100**	100
	300	300

There were no other emoluments payable to the independent non-executive directors during the year.

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors

	Group			
	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2008				
Chan Shu Kit	**–**	**1,008**	**12**	**1,020**
Kung Wing Yiu	**–**	**180**	**9**	**189**
Chan Ho Man	**–**	**516**	**12**	**528**
	–	**1,704**	**33**	**1,737**
2007				
Chan Shu Kit	–	1,008	12	1,020
Kung Wing Yiu	–	131	7	138
Chan Ho Man	–	354	12	366
	–	1,493	31	1,524

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2007: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2007: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2007: three) non-director, highest paid employees for the year are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,061**	965
Pension scheme contributions	**36**	36
	1,097	1,001

The remuneration of the three (2007: three) non-director, highest paid employees fell within the band of Nil to HK$1,000,000.

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	Group	
	2008	2007
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**154**	138
Deferred *(note 29)*	**(2,505)**	(737)
Total tax credit for the year	**(2,351)**	(599)

A reconciliation of the tax credit applicable to profit before tax using the statutory rate to the tax credit at the effective tax rate is as follows:

	Group			
	2008		2007	
	HK$'000	*%*	*HK$'000*	*%*
Profit before tax	**11,302**		476	
Tax at the statutory rate	**1,978**	**17.5**	83	17.5
Profits and losses attributable to a jointly-controlled entity	**–**		37	
Income not subject to tax	**(2,803)**		(113)	
Expenses not deductible for tax	**184**		592	
Tax losses utilised from previous periods	**(3,280)**		(2,734)	
Tax losses not recognised	**1,531**		2,049	
Temporary differences not recognised	**39**		(513)	
Tax credit at the Group's effective rate	**(2,351)**		(599)	

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated profit attributable to equity holders of the parent for the year ended 31 March 2008 includes a profit of approximately HK$13,534,000 (2007: Loss of HK$941,000) which has been dealt with in the financial statements of the Company (note 31(b)).

12. DIVIDEND

	2008	2007
	HK$'000	*HK$'000*
Proposed final – HK2.5 cents (2007: HK1.5 cents) per ordinary share	**9,008**	5,405

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of approximately HK$13,281,000 (2007: HK$792,000) and the number of 360,321,620 ordinary shares in issue during the year.

Diluted earnings per share amounts for the years ended 31 March 2008 and 2007 have not been disclosed as no diluting events existed during these years.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Furniture and fixtures	Air-conditioning plant	Electrical appliances	Office equipment	Motor vehicles	Kitchen utensils, linen and uniforms	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2008									
At 31 March 2007 and 1 April 2007:									
Cost or valuation	1,900	24,150	2,898	5,188	1,806	130	2,123	2,220	40,415
Accumulated depreciation	–	(12,848)	(1,614)	(3,187)	(1,472)	(130)	–	–	(19,251)
Net carrying amount	1,900	11,302	1,284	2,001	334	–	2,123	2,220	21,164
At 1 April 2007, net of accumulated depreciation	1,900	11,302	1,284	2,001	334	–	2,123	2,220	21,164
Additions	–	4,084	808	1,831	54	–	581	–	7,358
Disposals	–	(9)	(5)	(19)	(209)	–	(459)	–	(701)
Surplus on revaluation	338	–	–	–	–	–	–	–	338
Depreciation provided during the year	(38)	(3,384)	(582)	(949)	(60)	–	–	–	(5,013)
Transfers	–	1,091	1,129	–	–	–	–	(2,220)	–
At 31 March 2008, net of accumulated depreciation	2,200	13,084	2,634	2,864	119	–	2,245	–	23,146
At 31 March 2008:									
Cost or valuation	2,200	29,316	4,830	7,000	1,651	130	2,245	–	47,372
Accumulated depreciation	–	(16,232)	(2,196)	(4,136)	(1,532)	(130)	–	–	(24,226)
Net carrying amount	2,200	13,084	2,634	2,864	119	–	2,245	–	23,146
Analysis of cost or valuation:									
At cost	–	29,316	4,830	7,000	1,651	130	2,245	–	45,172
At 31 March 2008 valuation	2,200	–	–	–	–	–	–	–	2,200
	2,200	29,316	4,830	7,000	1,651	130	2,245	–	47,372

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Buildings HK$'000	Furniture and fixtures HK$'000	Air-conditioning plant HK$'000	Electrical appliances HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Kitchen utensils, linen and uniforms HK$'000	Construction in progress HK$'000	Total HK$'000
31 March 2007									
At 1 April 2006:									
Cost or valuation	1,900	16,460	2,882	3,561	1,711	130	2,063	–	28,707
Accumulated depreciation	–	(9,990)	(1,263)	(2,514)	(1,364)	(130)	–	–	(15,261)
Net carrying amount	1,900	6,470	1,619	1,047	347	–	2,063	–	13,446
At 1 April 2006, net of accumulated depreciation	1,900	6,470	1,619	1,047	347	–	2,063	–	13,446
Additions	–	7,690	16	1,627	95	–	60	2,220	11,708
Surplus on revaluation	22	–	–	–	–	–	–	–	22
Depreciation provided during the year	(22)	(2,858)	(351)	(673)	(108)	–	–	–	(4,012)
At 31 March 2007, net of accumulated depreciation	1,900	11,302	1,284	2,001	334	–	2,123	2,220	21,164
At 31 March 2007:									
Cost or valuation	1,900	24,150	2,898	5,188	1,806	130	2,123	2,220	40,415
Accumulated depreciation	–	(12,848)	(1,614)	(3,187)	(1,472)	(130)	–	–	(19,251)
Net carrying amount	1,900	11,302	1,284	2,001	334	–	2,123	2,220	21,164
Analysis of cost or valuation:									
At cost	–	24,150	2,898	5,188	1,806	130	2,123	2,220	38,515
At 31 March 2007 valuation	1,900	–	–	–	–	–	–	–	1,900
	1,900	24,150	2,898	5,188	1,806	130	2,123	2,220	40,415

The net book value of the Group's property, plant and equipment held under finance leases included in the total amount of office equipment at 31 March 2007 amounted to approximately HK$178,000.

The Group's buildings were stated at open market values as at 31 March 2008, based on valuations performed by CS Surveyors Limited, independent professionally qualified valuers, on an open market, existing use basis.

Had these buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been approximately HK$1,733,000 at 31 March 2008 (2007: HK$1,788,000).

During the year, surplus arising from revaluation of buildings of approximately HK$6,000 and HK$332,000 were recognised in the income statement and fixed asset revaluation reserve, respectively.

15. INVESTMENT PROPERTIES

	Group 2008 HK$'000	2007 HK$'000
Carrying amount at 1 April	**44,400**	45,800
Additions	**–**	591
Disposals	**(19,400)**	(4,800)
Net gain from a fair value adjustment	**–**	2,809
Carrying amount at 31 March	**25,000**	44,400

The investment properties with carrying values of HK$25,000,000 (2007: HK$25,000,000) were pledged to a bank to secure credit facilities granted to the Group (note 26).

The Group's investment properties were stated at open market values as at 31 March 2008, based on valuations performed by CS Surveyors Limited, independent professionally qualified valuers, on an open market, existing use basis.

The investment properties are situated in Hong Kong and are held under medium term leases. They are leased to third parties under operating leases, further summary details of which are included in note 33(a) to the financial statements. Details of the investment properties are as follows:

Location	**Use**
Lot No. 237 in Demarcation District No. 331, Cheung Sha, Lantau Island, New Territories	Investment property for rental income

16. PREPAID LAND LEASE PAYMENTS

	Group 2008 HK$'000	2007 HK$'000
Carrying amount at 1 April	**5,005**	5,085
Recognised during the year *(note 7)*	**(80)**	(80)
Carrying amount at 31 March	**4,925**	5,005
Current portion included in prepayments, deposits and other receivables	**(80)**	(80)
Non-current portion	**4,845**	4,925

The leasehold land is held under a long term lease and is situated in Hong Kong.

17. PROPERTY HELD FOR DEVELOPMENT

	Group	
	2008	2007
	HK$'000	*HK$'000*
At cost	**4,665**	4,665

Property held for development represents a development project which is situated in Hong Kong and is held under a medium term lease. Details of the property held for development are as follows:

Location	**Use**
Lot Nos. 2902-2906 & 2908 in Demarcation District No. 1, Tung Chung, Lantau Island, New Territories	Residential

18. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	Group	
	2008	2007
	HK$'000	*HK$'000*
Share of net assets	**–**	–
Due from a jointly-controlled entity	**–**	1,112
Impairment	**–**	(358)
	–	754

Prior year's balance represented the Group's 33% interest in Pioneer Wealthy Limited ("Pioneer") which was sold to the other shareholder of Pioneer during the year.

19. INTERESTS IN ASSOCIATES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Share of net assets	**–**	–
Due from associates	**–**	950
Impairment	**–**	(950)
	–	–

Prior year's balance represented the Group's respective 33% interests in China Legend Enterprises Limited, Uprising Corporation Limited and Winstart Limited which were sold to the other shareholders of those associates during the year.

20. INTERESTS IN SUBSIDIARIES

	Company 2008 HK$'000	Company 2007 HK$'000
Unlisted shares, at cost	**238,075**	238,075
Impairment	**(207,225)**	(221,625)
	30,850	16,450
Loan to a subsidiary	**80,000**	80,000
	110,850	96,450
Due to subsidiaries	**15,254**	8,947

The balances with the subsidiaries are unsecured, interest-free and not repayable within one year. The carrying amounts of these balances approximate to their fair values.

Impairment loss was recognised for certain unlisted investments because the relevant subsidiaries had suffered losses for years or ceased operations.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operations@	Nominal value of issued capital	Percentage of equity interest attributable to the Company 2008	2007	Principal activities
Charmwide Development Limited	Hong Kong	HK$10,000*	**100**	100	Property investment
First Charm Development Limited	Hong Kong	HK$100*	**100**	100	Property investment
Grandward Limited	Hong Kong	HK$100* HK$2#	**100**	100	Property holding
Jade Terrace Restaurant (Causeway Bay) Limited	Hong Kong	HK$100*	**100**	100	Restaurant operations
Newfame Development Limited	Hong Kong	HK$1*	**100**	100	Property development
Real Bright Asia Limited	Hong Kong	HK$100*	**100**	76	Restaurant operations

20. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation and operations@	Nominal value of issued capital	Percentage of equity interest attributable to the Company 2008	2007	Principal activities
Royal Power Investment Limited	Hong Kong	HK$4,600,000*	**100**	51	Restaurant operations
Tack Hsin (BVI) Holdings Limited	British Virgin Islands/ Hong Kong	HK$17,763,202*	**100**	100	Investment holding
Tack Hsin Restaurant (London) Limited	Hong Kong	HK$100* HK$2#	**100**	100	Restaurant operations
Tack Hsin Restaurant (Peninsula) Limited	Hong Kong	HK$100* HK$2,380,000#	**100**	100	Restaurant operations
Top Excel Investment Limited	Hong Kong	HK$10,000*	**51**	51	Restaurant operations
Vastpro Developments Limited	Hong Kong	HK$2*	**100**	100	Property holding
Wealth Glory Investment Limited	Hong Kong	HK$100* HK$30,000#	**100**	100	Property investment
Golden Target (Hong Kong) Limited	Hong Kong	HK$1*	**100**	100	Hotel operations

@ Unless otherwise stated, the place of operations is the place of incorporation.
* Ordinary shares
# Non-voting deferred shares

All subsidiaries are indirectly held by the Company except Tack Hsin (BVI) Holdings Limited.

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.

21. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly by cash and credit card settlement, except for certain well-established customers where the terms vary with these customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 3 months	**441**	170
4 to 6 months	**43**	23
	484	193

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Neither past due nor impaired	**441**	170
Less than 6 months past due	**43**	23
	484	193

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

Trade 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. The Group does not hold any collateral or other credit enhancements over these balances.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Prepayments	**538**	1,124
Deposits	**13,152**	11,451
Other receivables	**7**	158
Tax recoverable	**15**	–
	13,712	12,733

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**21,484**	11,542	**54**	53
Time deposits	**30,000**	20,000	**–**	–
	51,484	31,542	**54**	53

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one and two months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

24. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 3 months	**5,131**	4,519
Over 3 months	**3**	6
	5,134	4,525

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deferred credit on operating lease	**6,385**	2,829	**–**	–
Receipt in advance	**1,846**	1,342	**–**	–
Other payables	**153**	118	**16**	51
Accruals	**10,193**	9,599	**–**	–
	18,577	13,888	**16**	51

Other payables are non-interest-bearing and have an average term of 30-day.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2008			2007		
	Contractual interest rate (%)	**Maturity**	***HK$'000***	Contractual interest rate (%)	Maturity	*HK$'000*
Current						
Finance lease payables *(note 27)*	**–**	**–**	**–**	10.40 (Fixed)	2008	104
Secured bank loan	**5.00 – 7.00 (Floating)**	**2009**	**509**	7.00 – 7.25 (Floating)	2008	389
Bank overdrafts, unsecured	**–**	**–**	**–**	8.50 – 8.75 (Floating)	On demand	2,875
			509			3,368
Non-current						
Finance lease payables *(note 27)*	**–**	**–**	**–**	10.40 (Fixed)	2009	53
Secured bank loan	**5.00 – 7.00 (Floating)**	**2023**	**10,235**	7.00 – 7.25 (Floating)	2023	10,763
			10,235			10,816
			10,744			14,184

26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Group

	2008	2007
	HK$'000	*HK$'000*
Analysed into:		
Bank loan and bank overdrafts repayable:		
Within one year	**509**	3,264
In the second year	**533**	417
In the third to fifth years, inclusive	**1,750**	1,441
Beyond five years	**7,952**	8,905
	10,744	14,027
Finance lease repayable:		
Within one year	**–**	104
In the second year	**–**	53
	–	157
	10,744	14,184

At 31 March 2008, the bank loan was secured by the Group's investment properties with carrying values of HK$25,000,000 (2007: HK$25,000,000) (note 15), and guarantees given by the Company and a subsidiary.

At 31 March 2007, the bank overdrafts were guaranteed by the Company.

At 31 March 2007, the obligations under finance leases are secured by the office equipment of the Group with a net book value of approximately HK$178,000.

The Group's borrowings are denominated in Hong Kong dollars and the carrying amounts approximate to their fair values.

27. FINANCE LEASE PAYABLES

The Group leased certain of its office equipment for its restaurant business. These leases were classified as finance leases.

At 31 March 2008, the total future minimum lease payments under finance leases and their present values were as follows:

Group

	Minimum lease payments 2008 *HK$'000*	Minimum lease payments 2007 *HK$'000*	**Present value of minimum lease payments 2008** *HK$'000*	Present value of minimum lease payments 2007 *HK$'000*
Amounts payable:				
Within one year	–	115	–	104
In the second year	–	55	–	53
Total minimum finance lease payments	–	170	–	157
Future finance charges	–	(13)		
Total net finance lease payables	–	157		
Portion classified as current liabilities *(note 26)*	–	(104)		
Non-current portion *(note 26)*	–	53		

28. PROVISION FOR LONG SERVICE PAYMENTS

	Group *HK$'000*
At 1 April 2007	1,256
Addition for the year *(note 7)*	85
Amounts utilised during the year	(85)
At 31 March 2008	1,256

The Group provides for probable future long service payments expected to be made to employees under the Employment Ordinance. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group to the balance sheet date.

29. DEFERRED TAX

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

Deferred tax liabilities

Group – 2008

	Depreciation allowance in excess of related depreciation	Revaluation of properties	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2007	1,110	1,290	2,400
Deferred tax charged/(credited) to the income statement during the year *(note 10)*	269	(1,290)	(1,021)
Gross deferred tax liabilities at 31 March 2008	**1,379**	**–**	**1,379**

Deferred tax assets

Group – 2008

	Losses available for offset against future taxable profit
	HK$'000
At 1 April 2007	1,978
Deferred tax credited to the income statement during the year *(note 10)*	1,484
Gross deferred tax assets at 31 March 2008	**3,462**

29. DEFERRED TAX (continued)

Deferred tax liabilities

Group – 2007

	Depreciation allowance in excess of related depreciation *HK$'000*	Revaluation of properties *HK$'000*	Total *HK$'000*
At 1 April 2006	531	1,061	1,592
Deferred tax charged to the income statement during the year *(note 10)*	579	229	808
Gross deferred tax liabilities at 31 March 2007	1,110	1,290	2,400

Deferred tax assets

Group – 2007

	Losses available for offset against future taxable profit *HK$'000*
At 1 April 2006	433
Deferred tax credited to the income statement during the year *(note 10)*	1,545
Gross deferred tax assets at 31 March 2007	1,978

At the balance sheet date, the Group had tax losses arising in Hong Kong of approximately HK$73,469,000 (2007: HK$85,071,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as the utilisation of which is uncertain.

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

30. SHARE CAPITAL

	Group and Company	
	2008	2007
	HK\$'000	*HK\$'000*
Authorised:		
500,000,000 ordinary shares of HK\$0.10 each	**50,000**	50,000
Issued and fully paid:		
360,321,620 ordinary shares of HK\$0.10 each	**36,032**	36,032

31. RESERVES

(a) Group

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 on page 24 of the financial statements.

The Group's contributed surplus originally represented the difference between the nominal value of the shares and share premium account of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor.

(b) Company

	Notes	Share premium account HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2006		37,934	230,669	(216,189)	52,414
Loss for the year		–	–	(941)	(941)
Proposed final dividend	*12*	–	(5,405)	–	(5,405)
At 31 March 2007 and 1 April 2007		37,934	225,264	(217,130)	46,068
Profit for the year		–	–	13,534	13,534
Proposed final dividend	*12*	–	(9,008)	–	(9,008)
At 31 March 2008		37,934	216,256	(203,596)	50,594

The Company's contributed surplus originally represented the excess of the fair value of the shares of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), a company may make distributions to its members out of the contributed surplus if to do so would not render the Company's ability to pay its liabilities as they become due or the realisable value of its assets would not thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

32. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in these financial statements were as follows:

(a) The Company provided guarantees to banks in connection with banking facilities granted to its subsidiaries amounting to HK$22,600,000 (2007: HK$22,600,000), of which HK$10,744,000 (2007: HK$14,027,000) had been utilised at the balance sheet date.

(b) The Company provided a guarantee to a third party in connection with rental payments of a subsidiary amounting to HK$32,500,000 (2007: HK$25,200,000).

33. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15 to the financial statements) under operating lease arrangements, with remaining lease terms ranging from one to two years. The terms of the leases generally require the tenants to pay security deposits.

At 31 March 2008, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within one year	**760**	94
In the second to fifth years, inclusive	**106**	–
	866	94

(b) As lessee

The Group leases certain of its office premises, restaurant premises and office equipment under operating lease arrangements, with remaining lease terms ranging from one to eight years.

At 31 March 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within one year	**28,973**	18,684
In the second to fifth years, inclusive	**100,223**	30,117
After five years	**13,461**	17,112
	142,657	65,913

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33(b) above, the Group had the following capital commitments at the balance sheet date:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Furniture and fixtures	**–**	291

35. RELATED PARTY TRANSACTIONS

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

		Group	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
Transactions with a jointly-controlled entity:			
Management fee income received	*(i)*	**264**	264
Transactions with a director:			
Rental expenses paid	*(ii)*	**72**	72

Notes:

(i) The Group received management fee income from a jointly-controlled entity for management services provided by the Group. The transaction was conducted on terms as agreed between the Group and the jointly-controlled entity.

(ii) The Group paid rental expenses to a director of the Company. The rentals were determined with reference to open market rentals.

(b) Compensation of key management personnel of the Group:

	2008	2007
	HK$'000	*HK$'000*
Short term employee benefits	**2,041**	1,802
Post-employment benefits	**45**	42
Other long term employee benefits	**–**	3
Total compensation paid to key management personnel	**2,086**	1,847

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets – Loans and receivables				
Loan to a subsidiary	**–**	–	**80,000**	80,000
Trade receivables	**484**	193	**–**	–
Financial assets included in prepayments, deposits and other receivables	**13,159**	11,609	**–**	–
Cash and cash equivalents	**51,484**	31,542	**54**	53
	65,127	43,344	**80,054**	80,053
Financial liabilities – Financial liabilities at amortised cost				
Due to subsidiaries	**–**	–	**15,254**	8,947
Trade payables	**5,134**	4,525	**–**	–
Financial liabilities included in other payables and accruals	**16,731**	12,546	**16**	51
Interest-bearing bank and other borrowings	**10,744**	14,184	**–**	–
Due to minority shareholders	**–**	1,579	**–**	–
	32,609	32,834	**15,270**	8,998

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise bank loans, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board reviews and agrees 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 long term debt obligations with floating interest rate. The Group monitors the movements in interest rates on an ongoing basis and evaluates the exposure for its debt obligations.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

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

	Group	
	Decrease/ (Increase) in basis points	**Increase/ (decrease) in profit before tax**
		HK$'000
2008		
HK$	**100**	**(107)**
HK$	**(100)**	**107**
2007		
HK$	100	(112)
HK$	(100)	112

Credit risk

Most of the trade of the Group is on cash terms. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Company is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 32 to the financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

The Group places its cash deposits with major international banks in Hong Kong. This investment policy limits the Group's exposure to concentrations of credit risk.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. In addition, banking facilities have been put in place for contingency purpose.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the financial liabilities of the Group and the Company as at the balance sheet date, based on the contracted undiscounted payments, were as follows:

Group – 2008

	Less than 3 months *HK$'000*	**3 to less than 12 months** *HK$'000*	**In the second year** *HK$'000*	**In the third to fifth years, inclusive** *HK$'000*	**Beyond five years** *HK$'000*	**Total** *HK$'000*
Trade payables	**5,131**	**3**	**–**	**–**	**–**	**5,134**
Financial liabilities included in other payables and accruals	**10,620**	**6,111**	**–**	**–**	**–**	**16,731**
Interest-bearing bank and other borrowings	**246**	**737**	**982**	**2,947**	**9,907**	**14,819**
	15,997	**6,851**	**982**	**2,947**	**9,907**	**36,684**

Group – 2007

	On demand *HK$'000*	Less than 3 months *HK$'000*	3 to less than 12 months *HK$'000*	In the second year *HK$'000*	In the third to fifth years, inclusive *HK$'000*	Beyond five years *HK$'000*	Total *HK$'000*
Trade payables	–	4,519	6	–	–	–	4,525
Financial liabilities included in other payables and accruals	–	9,703	2,843	–	–	–	12,546
Interest-bearing bank and other borrowings	–	3,188	939	1,212	3,471	12,826	21,636
Due to minority shareholders	1,579	–	–	–	–	–	1,579
	1,579	17,410	3,788	1,212	3,471	12,826	40,286

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Company – 2008

	Within one year *HK$'000*	**Over one year** *HK$'000*	**Total** *HK$'000*
Due to subsidiaries	**–**	**15,254**	**15,254**
Financial liabilities included in other payables and accruals	**16**	**–**	**16**
	16	**15,254**	**15,270**

Company – 2007

	Within one year *HK$'000*	Over one year *HK$'000*	Total *HK$'000*
Due to subsidiaries	–	8,947	8,947
Financial liabilities included in other payables and accruals	51	–	51
	51	8,947	8,998

Capital management

The primary objective of the Group's capital management is 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 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 shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2008 and 2007.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using gearing ratio, which is total borrowings divided by total equity. The Group's policy is to maintain a stable gearing ratio. The gearing ratios as at the balance sheet dates were as follows:

	2008	2007
	HK$'000	*HK$'000*
Interest-bearing bank borrowings	**10,744**	14,027
Finance lease payable	**–**	157
Total borrowings	**10,744**	14,184
Total equity	**95,963**	87,589
Gearing ratio (Total borrowings/Total equity)	**0.11**	0.16

38. POST BALANCE SHEET EVENT

On 26 May 2008, Newfame Development Limited entered into a sale and purchase agreement with Topbridge Industrial Company Limited, an independent third party, to dispose of the land in Tung Chung, Lantau Island at a consideration of HK$13.5 million. The disposal will be completed on or before 25 August 2008. Further details of the transaction were set out in the announcement of the Company dated 27 May 2008 and the circular of the Company dated 5 June 2008.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 July 2008.

Five Year Financial Summary

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Restated)	(Restated)
Revenue	**261,654**	192,707	143,990	139,480	158,903
PROFIT/(LOSS) FOR THE YEAR	**13,653**	1,075	(11,013)	28,663	(11,119)
Attributable to:					
Equity holders of the parent	**13,281**	792	(11,027)	28,176	(12,380)
Minority interests	**372**	283	14	487	1,261
	13,653	1,075	(11,013)	28,663	(11,119)

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Restated)	(Restated)
Total assets	**131,674**	124,630	121,216	135,666	363,773
Total liabilities	**(35,711)**	(37,041)	(30,904)	(31,035)	(304,768)
Minority interests	**(306)**	(140)	(68)	(54)	(57)
	95,657	87,449	90,244	104,577	58,948