



Fulum Group Holdings Limited
富臨集團控股有限公司

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

Stock Code 股份代號 :1443

2015

ANNUAL REPORT
年報

陶源酒家 (鮑魚專門店)
Sportful Garden Restaurant

富臨皇宮
FULUM PALACE

富臨酒家
Fulum Restaurant

喜臨門酒家
PLEASANT PALACE

和豐
HOPSON

火八 韓烤
KOREAN BBQ & BAR

ROYAL ONE
皇室1號
PLEASANT PALACE
福臨門

About FULUM GROUP



Commitment to change and the constant pursuit of excellence have been the guiding principles of Fulum Group. With a consistent record of providing quality food and attentive services to customers over the past two decades, Fulum Group has grown to become a renowned and respected Chinese restaurant group in Hong Kong.

關於 富臨集團

致力於變革及不斷追求卓越一直為富臨集團的引領原則。憑藉過去 20 年內向客戶提供優質食品及貼心服務的始終如一的記錄，富臨集團已成長為香港聲譽卓著及備受推崇的中式餐飲集團。



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Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. YEUNG Wai (*Chairman*)
Mr. YEUNG Yun Chuen
Mr. YEUNG Yun Kei
Mr. LEUNG Siu Sun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FAN Chun Wah Andrew
Mr. LOCK Kwok On Anthony
Mr. WU Kam On Keith

COMPANY SECRETARY

Mr. LEUNG Ka Lok HKICPA, FCCA

AUTHORISED REPRESENTATIVES

Mr. YEUNG Wai
Mr. LEUNG Ka Lok HKICPA, FCCA

MEMBERS OF AUDIT COMMITTEE

Mr. WU Kam On Keith (*Chairman*)
Mr. FAN Chun Wah Andrew
Mr. LOCK Kwok On Anthony

MEMBERS OF NOMINATION COMMITTEE

Mr. FAN Chun Wah Andrew (*Chairman*)
Mr. LOCK Kwok On Anthony
Mr. YEUNG Wai

MEMBERS OF REMUNERATION COMMITTEE

Mr. LOCK Kwok On Anthony (*Chairman*)
Mr. FAN Chun Wah Andrew
Mr. YEUNG Wai

MEMBERS OF EXECUTIVE COMMITTEE

Mr. YEUNG Wai (*Chairman*)
Mr. YEUNG Yun Chuen
Mr. YEUNG Yun Kei
Mr. LEUNG Siu Sun

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15/F., Luk Hop Industrial Building
8 Luk Hop Street, San Po Kong
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
Bank of China (Hong Kong) Limited

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners

COMPLIANCE ADVISER

Fortune Financial Capital Limited

STOCK CODE

The Stock Exchange of Hong Kong Limited
01443

WEBSITE

www.fulumgroup.com

Financial Highlights

Key Financial Ratios	Notes	2014/15 HK\$'000	2013/14 HK\$'000	Increase/ (Decrease) in %
Performance				
Revenue		2,528,689	2,226,189	13.6%
Restaurant operations				
"Fulum (富臨)" main brand		1,918,050	1,781,071	7.7%
"Sportful Garden (陶源)" main brand		372,997	352,254	5.9%
"Fulum Concept (富臨概念)" main line		171,981	25,418	576.6%
Sale of food and other operating items		65,661	67,446	(2.6)%
Profit before interest, tax and depreciation		280,446	285,990	(1.9)%
Profit for the year*		160,292	180,058	(11.0)%
Profit attributable to owners of the Company		160,292	167,541	(4.3)%
Gross profit margin	1	71.0%	71.3%	(0.4)%
Net profit margin	2	6.3%	8.1%	(22.2)%

Per Share Data	HK cents	HK cents
Earnings per share		
— Basic	14.59	17.18
— Diluted	14.40	17.18
Proposed final dividend per share	5.00	1,333,333.33

* The decrease in profit for the year was mainly due to an increase in a one-off listing expenses by approximately HK\$13.2 million incurred during the year ended 31 March 2015, compared to the prior year.

Financial Highlights

Key Financial Ratios	Notes	2014/15	2013/14	Increase/
		HK\$'000	HK\$'000	(Decrease) in %
Total assets		1,248,645	973,865	28.2%
Net assets		913,728	483,721	88.9%
Cash and cash equivalents		704,871	253,946	177.6%
Net cash	3	654,094	253,946	157.6%
Liquidity and Gearing				
Current ratio	4	2.9	1.5	93.3%
Quick ratio	5	2.6	1.3	100.0%
Gearing ratio	6	5.7%	6.6%	(13.6)%
Number of restaurants (As at 31 March)				
		2015	2014	
"Fulum (富臨)" main brand		41	35	
"Sportful Garden (陶源)" main brand		11	10	
"Fulum Concept (富臨概念)" main line		12	7	
Total		64	52	
Per Share Data				
		HK cents	HK cents	
Net assets per share	7	70	50	40.0%
Net cash per share	8	50	26	92.3%

Notes:

- Gross profit margin is calculated by dividing gross profit by revenue and multiplying the resulting value by 100%. Gross profit equals to revenue minus cost of inventories sold.
- Net profit margin is calculated by dividing profit for the year by revenue and multiplying the resulting value by 100%.
- Net cash is cash and cash equivalents less interest-bearing bank borrowings.
- Current ratio is calculated by dividing total current assets by total current liabilities.
- Quick ratio is calculated by dividing current assets (net of inventories) by total current liabilities.
- Gearing ratio is calculated by dividing total debt by total equity. Total debt is defined to include all interest-bearing borrowings, comprised of finance leases, tax loans included in amounts due to related parties and bank borrowings.
- Net assets per share is calculated based on the number of 1,300,000,000 shares (2014: 975,000,000 shares).
- Net cash per share is calculated based on the number of 1,300,000,000 shares (2014: 975,000,000 shares).

Calendar

Announcement of interim results	25 November 2014
Announcement of annual results	24 June 2015
Despatch of annual report to shareholders	15 July 2015
Closure of register of members for attending the annual general meeting for proposed final dividend	12 August 2015 to 14 August 2015 20 August 2015 to 24 August 2015
Annual general meeting	14 August 2015
Dividends Final: HK5.00 cents per share	4 September 2015 (subject to approval of the Shareholders at the forthcoming annual general meeting of the Company on 14 August 2015)





More and more Hong Kong diners enjoy dining out and have high standards for food, ambiance and service. Our restaurants aim to offer a perfect combination of tastes, preferences and cultures that can meet their expectations and providing them with a unique and enjoyable experience.

Meokbang Korean BBQ & Bar

Chairman's Statement

Besides its successful listing last year, Fulum Group has leveraged its culinary expertise and experience in the food and beverages industry as it opened more restaurants under a greater variety of brands. This expansion strategy is intended to retain the Group's market share in the Cantonese cuisine full service market and to target a wider range of customers amidst the current competitive environment.



Chairman's Statement

Leveraging its strong operating network deeply rooted in Hong Kong, Fulum Group has strived to expand the specialty cuisine restaurant line through its multi-brand strategy and has kept abreast of the latest market trends and customer preferences. Concurrently, it has also cautiously begun to tap the huge potential of the China Market. In the future, Fulum Group would continue to explore a greater variety of new specialty cuisines and enrich its portfolio to provide customers with greater choice and a more delightful dining experience.

TO OUR SHAREHOLDERS

On behalf of the board (the "Board") of directors (the "Directors") of Fulum Group Holdings Limited (the "Company" together with its subsidiaries, "Fulum Group" or the "Group"), I am pleased to present the first annual report of the Group for the year ended 31 March 2015 since our successful listing of shares of the Company (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 November 2014 (the "Listing Date").

Over the last year, Hong Kong's economy has experienced myriad challenges, such as the domestic political movement "Occupy Central" in late September 2014, declining volume of individual Mainland travellers visiting Hong Kong due to restrictions on the individual visit scheme and the campaign against parallel goods traders. These challenges took place against the backdrop of the slower growth in China's economy in part caused by the stagnant global economy. All of these factors combined to some extent in affecting the retail market performance and domestic spending. For the food catering industry supply chain, the contaminated lard incident originating from Taiwan highlighted the food safety problems and reinforced the aforementioned factors, reducing the number of customer visits and spending. Thus operations in the food and beverage ("F&B") sector is now experiencing strong headwinds.

Facing the volatile operating environment, the Group managed to meet its commitment to provide reasonable returns to the shareholders of the Company (the "Shareholders"). The Board has resolved to declare a final dividend of HK5.00 cents per share of the Company (the "Shares") for the financial year ended 31 March 2015, representing an annual payout ratio of approximately 40.6%.

BUSINESS REVIEW HONG KONG

Besides our successful Listing, the Group leveraged our culinary expertise and food and beverages experience in opening six "Fulum (富臨)" restaurants and one "Sportful Garden (陶源)" restaurant during the reporting year. This expansion is planned to help us to retain our market share in the Cantonese cuisine full service market and to target different customers ranging from mass-market to the mid-to-high end segments amidst the current competitive environment. In addition, a new restaurant under the "Fulum (富臨)" main brand was opened during the reporting year in a shopping arcade located in a mature residential area to create a stronger presence in the mass market and to strengthen our network of restaurants and sustain growth in the Cantonese cuisine market in Hong Kong.

To enrich our cuisine portfolio, we also carefully positioned ourselves to offer new cuisines with high growth potential. Towards this end we have introduced the "Fulum Concept (富臨概念)" line of business with assorted cuisines to address the market demand of younger adults and self-styled epicureans searching for trendy cuisine. The "Fulum Concept (富臨概念)" line comprises different specialty cuisines featuring hot pot, signature Beijing-authentic food, roasted suckling pig and Cantonese-style roasted meat dishes ("Siu Mei") as well as Korean-style BBQ.

Leveraging our strong operating network rooted in Hong Kong, we have expanded the specialty cuisine restaurant line such as "MeokBang Korean BBQ & Bar (妹八韓烤)" through our multi-brand strategy to keep abreast of the latest market trends and preferences. We are currently evaluating other specialty cuisines and will launch suitable cuisine for Hong Kong's fast-changing society as part of our strategy to implement scalable expansion in the next three years.

CHINA

The anti-corruption campaign in the People's Republic of China (the "PRC" or "China") has taken a toll on the high-end consumption market in China and high-end catering sales growth has slackened markedly since 2013. China's catering industry has been undergoing transformation and an upgrade in quality over recent years. The increasing importance of the mass-market dining segment has become a significant trend with more business opportunities arising from this market segment since the PRC government has provided support on the development of mass catering. We are taking advantage of this opportunity to strategically diversify geographically and precisely penetrate what we found to be the promising potential in China's mass catering market by establishing two "Fulum Palace (富臨皇宮)" restaurants in Guangzhou and Zhuhai in mid-January and late April of 2015, respectively. The satisfactory operating performance in the first few months of operation indicates that our PRC exploration strategy is on the right track. We believe that the on-going market penetration into China will help to build up brand awareness and gain more recognition from domestic customers.

Chairman's Statement

On the operations front, the rising costs in Hong Kong still present a serious problem, with high shop rents and food costs. Combined with the increase of the statutory minimum wage, the operating costs for the F&B operators continue to climb. Thus, the catering industry faces the pressure of raising prices, laying off staff and closing down restaurants as some individual operators could no longer withstand the impact of spiralling costs. Industry players with larger scale operations, including Fulum Group, have fared better by leveraging the scale and diversity of operations and experiences in coping with harsh conditions. Traditional Chinese restaurants tend to have lower profit margins and hence are more susceptible to the adverse effects of rising rentals and food costs. Our Group had successfully coped with the situation in large measure by standardising the sophisticated procurement, the food processing and procedures, and having competent professional staff which made us stand out among industry peers.

PROSPECTS

To further enhance ties with our patrons, we will continue to initiate marketing and promotion campaigns. In the upcoming financial year, we will actively use more online advertising channels such as dining mobile apps to more effectively spread the marketing message to the public. Also, we will start to introduce loyalty membership programme. These initiatives are aimed at both stimulating customers' interest and further bolstering the reputation of the Group as a renowned and preferred brand in Hong Kong. With our corporate motto of "Providing quality food and sincere service to customers," we aim to expand our business presence by building on our solid foundation to capture emerging opportunities in the market.

The next financial year should continue to be challenging for the F&B sector. The Group remains cautiously optimistic about the outlook of the industry in Hong Kong and China. For the year ending 31 March 2016, we will continue to execute our growth strategy previously as set out in the prospectus of the Company dated 4 November 2014 (the "Prospectus") targeting to establish 14 new restaurants, of which 12 restaurants would be in Hong Kong and two in China. In the next three years, the Group expects greater network growth in China as we aim to increase our presence by establishing restaurants, making further inroads in first-tier cities such as Guangzhou, Shenzhen and Shanghai. Furthermore, we are exploring more new specialty cuisines in order to enrich the portfolio of the Group and to provide our customers with greater choice and a quality dining experience.

APPRECIATION

Lastly, on behalf of the Board and the management, I wish to extend my sincere appreciation to all of our staff for their tireless dedication during the year, and to express my gratitude to all shareholders, investors, customers, suppliers and business partners for their steadfast support to the Group.

Yeung Wai

Chairman

Hong Kong

24 June 2015

Management Discussion and Analysis

INDUSTRY OVERVIEW

Apart from the ongoing intense market competition among fellow catering operators, the catering business in Hong Kong had been facing a number of additional challenges from early 2014 till now. Domestic political incidents, such as the "Occupy Central" movement, together with food safety issues presented by contaminated lard in the food ingredient supply chains as seen in the Taiwan "gutter oil" incident in September 2014, had indirectly affected diners' confidence in restaurants in Hong Kong and casting a negative impact on food businesses in Hong Kong. In the first quarter of 2015, the combined effect of campaigns against mainlanders' individual visits and the appreciation of Hong Kong dollar made Hong Kong less attractive to tourists. The retail market in Hong Kong was hampered while the income of retail practitioners and owners were reduced and gave rise to sluggish economic performance, which inevitably affected domestic spending power. According to the statistics published by the Hong Kong Census & Statistics Department, for the year 2014 as a whole, the value of total receipts of the restaurants sector was provisionally estimated at HK\$100.4 billion, an increase of 3.5% in value but a decrease of 1% in volume compared with 2013. Analyzing by types of restaurants and comparing 2014 with 2013, total receipts of Chinese restaurants increased by 1.8% in value but decreased by 2.8% in volume. The



Management Discussion and Analysis

statistics indicated that the overall number of dining transactions declined in line with the economic change in Hong Kong. On the other hand, the catering business in the PRC started to pick up from the three-year decline since 2011 and showed a promising rebound with an annual growth rate of 9.8% in 2014 compared to prior years. The mass market or mid-range restaurants, in particular, witnessed notable rapid growth. At the same time, the Chinese government has provided its support for the development of mass catering with the Ministry of Commerce of the PRC (MOFCOM) promulgating “Guidance on Accelerating Developing Mass Catering” from June 2014. Mass catering is continuing to gain market share, and constitutes a major trend validating our corporate strategy in expanding the sub-brand “Fulum Palace (富臨皇宮)” line in the PRC.

FINANCIAL RESULTS

During the year under review, the Group’s revenue increased by approximately 13.6% to approximately HK\$2,528.7 million (2014: approximately HK\$2,226.2 million) from last year, mainly due to the increase of number of restaurants. The Group added 13 new restaurants (2014: 12 restaurants) to its network during the year ended 31 March 2015. To execute our multi-brand strategy, one-third of the new restaurants established in Hong Kong are under the “Fulum Concept (富臨概念)” line of business and these restaurants target the youth market with the aim to widen the customers spectrum of the Group. Moreover, the relatively small operating areas of Fulum Concept restaurants have provided more flexibility in the selection of appropriate shop locations and also reduced the time and streamlined procedures for operators to establish a new shop. These improvements could help to accelerate the expansion of outlets offering trendy cuisines.

Furthermore, to implement the long-term strategic development plan to penetrate the national mass catering market in China, the Group has set up its first Cantonese restaurant “Fulum Palace (富臨皇宮)” in Guangzhou, the PRC in mid-January 2015. The rest of the newly established restaurants were under the “Fulum (富臨)” and “Sportful Garden (陶源)” main brands to further strengthen the Group’s operation base in full-service Cantonese dining in Hong Kong.

Despite the rapid growth in revenue, the rising costs including rent, labour, raw materials and utilities remained unavoidable challenges to the Group. Through the persistent enhancement in the procurement of raw materials, reducing wastage of food ingredients and “best dishes” menu combination, the Group managed to stabilise its gross margin level at approximately 71.0% for the year (2014: approximately 71.3%) to retard further erosion of margins. However, other expenses increased significantly this year due to an increase of approximately HK\$18.5 million in the aggregate amount of listing expenses and the pre-IPO share option expense incurred during the year. The total listing expenses incurred during the reporting year amounted to approximately HK\$19.9 million. As a non-recurring expense, the impact on the financial result would not recur in future financial years. The profit attributable to owners of the Company decreased by around 4.3%, or approximately HK\$7.2 million, from approximately HK\$167.5 million for the year ended 31 March 2014 to approximately HK\$160.3 million for the year ended 31 March 2015.

As at 31 March 2015, the Group owned 64 restaurants in both Hong Kong and the PRC, of which 41, 11 and 12 restaurants are under the “Fulum (富臨)” main brand, the “Sportful Garden (陶源)” main brand and the “Fulum Concept (富臨概念)” line of business, respectively.

BUSINESS AND OPERATIONS REVIEW

MASS MARKET AND MID-RANGE TO HIGH END CANTONESE CUISINE

“Fulum (富臨)” and “Sportful Garden (陶源)” are our main brands widely recognised in the Hong Kong catering market. Both brands’ operations have been focusing on authentic Cantonese cuisine targeted at different customer segments ranging from mass and mid-range to high-end market. For the mass market segment operated under the main brand “Fulum (富臨)”, revenue from operations amounted to approximately HK\$1,918.1 million (2014: approximately

Management Discussion and Analysis

HK\$1,781.1 million), accounting for approximately 75.9% (2014: approximately 80.0%) of the total Group's revenue. While revenue from operations of "Sportful Garden (陶源)" brand for mid-range to high end market segments amounted to approximately HK\$373.0 million (2014: approximately HK\$352.3 million), accounting for approximately 14.8% (2014: approximately 15.8%) of the total Group's revenue. In order to strengthen the foundation base of the Group and increase market penetration, we have opened six restaurants under the "Fulum (富臨)" main brand in Hong Kong and one restaurant located in Guangzhou, the PRC during the reporting year. In the third quarter of the year 2014, we opened a restaurant under the "Sportful Garden (陶源)" main brand with a novel design in Tsuen Wan, Hong Kong. During the reporting year, we have closed one restaurant under the "Fulum (富臨)" main brand after the expiration of the lease agreement as we were unable to secure a lease renewal.

BRAND BUILDING TO FIRMLY ESTABLISH CUSTOMERS' BRAND AWARENESS

The Group strategically employed a number of online and traditional media platforms, such as social networking websites, microblogs for dining, dining search mobile apps, TV commercials and indoor visual advertisement to boost the image of our restaurants with continuous promotions on different sub-brands such as "King of Lobsters (龍蝦大王)" and "King of Roast Goose (燒鵝大王)" for the Fulum brand and "Abalone Culinary Expert (鮑魚專門店)" for the "Sportful Garden" brand to attract new customers and increase customer traffic, with our featured products or signature dishes.

DRIVING UP BANQUET SALES WITH CUSTOMISED SERVICES

Banquet revenue from our restaurants provided a remarkable contribution to the Group's revenue. Banquets mostly refer to birthday dinners, dinners for annual or one-time celebratory events, corporate annual dinners and wedding banquets. During the reporting year, the Group focused on increasing the revenue contribution from group banquet sales by (i) developing different banquet menus catering for various customer groups; (ii) strengthening marketing efforts targeting on loyal customers as well as customers enrolled in our membership programme; and (iii) collaborating with various credit card companies to promote group banquet sales.

Among the different types of banquets, wedding banquets are the focal point of our banquet operation. The Group has aimed to provide an elegant and comfortable dining and banquet experience for our customers banquets since our wedding banquet services commenced in 2005. The Group had established two sub-brands, namely "Pleasant Palace (囍臨門)" and "Banquet Palace (金皇廷)." Pleasant Palace restaurants have a spacious environment featuring the main theme colors of white and gold. The decoration of these restaurants enhances the image of Chinese banquets while the Banquet Palace restaurant has a European palace-style interior design which, together cater the needs of different wedding banquet customers.

A new sub-brand, namely "Royal One (皇室一號)" recently debuted in December 2014. This is a new banquet line with the introduction of gigantic LED display wall and visual and audio interactive lightning arrangement on decoration in order to create memorable wedding banquets for our customers. With our discreet services in truly memorable experiences for our customers, we are confident of generating more new banquet orders through word-of-mouth advertising from our customers.

CONTINUOUSLY PROMOTING PACKAGED CHINESE FESTIVAL PRODUCTS

The Group also channeled equal effort in promoting and selling packaged Chinese festival products, such as mooncakes for Chinese mid-autumn festivals and rice cakes for Chinese New Year festivals. We have launched different marketing campaigns for our products through various media channels and strategically employed TV celebrities to promote the packaged festival food sale of mooncakes in boosting customers' awareness which have successfully increased the respective sales. Revenue generated from the sales of foods and other operating items amounted to approximately HK\$65.7 million (2014: approximately HK\$67.4 million) representing a decrease of approximately 2.6% as compared with the corresponding figure in the immediate preceding financial year and accounting for approximately 2.6% (2014: approximately 3.0%) of the total Group's revenue for the year ended 31 March 2015.

Management Discussion and Analysis

MAINLAND CHINA MARKET AND OPERATION

To capture the opportunity in the China market, the Group intends to progressively expand into the PRC. The recent declining trend in high-end consumption in the PRC has opened an opportunity for us to leverage our experience and expertise in providing value-for-money quality food and services in order to cater the clientele who will continue frequenting restaurants they deem as high quality but with affordable prices. Therefore, the Group has opened its first "Fulum Palace (富臨皇宮)" at Mayflower Plaza in Guangzhou, the PRC in January 2015 and the sales performance of the restaurant indicates our PRC exploration strategy is on the right track. We selected Zhuhai, the PRC as the location for opening our second restaurant, which commenced its business at the end of April 2015 to strategically diversify the geographic location and market penetration in China. Going forward, the Group intends to continue to execute its development plans, actively raise the brand awareness of Fulum Group and its sub-brand, "Fulum Palace (富臨皇宮)" and expand its customer base and market share.

EXPANSION OF FULUM CONCEPT (富臨概念)

For the new business line under the "Fulum Concept (富臨概念)" brand, revenue from operations amounted to approximately HK\$172.0 million (2014: approximately HK\$25.4 million), accounting for approximately 6.8% (2014: approximately 1.1%) of total Group's revenue. The drastic increase in revenue between the current and last reporting year is because of this operating line debuted on 1 March 2014 by acquiring five specialty cuisine restaurants from the controlling shareholders of the Company.

Within the demographics and spending habits of the Hong Kong population, the young adult group would be relatively keen on dining out and want to have more diversity in the choice of cuisines. The Group has kept abreast of the current dining trends and has opened another five restaurants, including two Beijing Barbecue Cuisine outlets and three MeokBang Korean BBQ & Bar restaurants (妹八韓烤), established under the "Fulum Concept (富臨概念)" line during the reporting year, which mainly serve Beijing and Korean cuisines. Among these restaurants, the MeokBang Korean BBQ & Bar reported the most satisfactory performance during the reporting year. These restaurants were decorated with an understated modern design, so customers are able to enjoy local dishes in a Korean ambience. The first Korean style restaurant was opened in August 2014 in Prince Edward, Hong Kong and soon whet the appetites of customers by offering a range of Korean cuisines and a genuine Korean BBQ experience. As such, in view of the overwhelming response, the Group has opened four additional Korean restaurants which attracted additional customers with stronger spending power subsequent to the reporting year-end. All of these restaurants have recorded encouraging results and the first two Korean restaurants managed to breakeven within three months, currently with more than HK\$200 per capita spending.

PROSPECTS AND OUTLOOK

Looking ahead, the Group has anticipated that the Hong Kong economy would remain sluggish due to the influence of global economy. Catering business is always regarded as a "barometer" to reflect the true picture of the domestic economy. As the operating environment is still tough in the catering industry, therefore, diversification in the variety of cuisines that the Group offers should be the first priority to broaden the Group's customer base and tackle the changes in the dining habit and its trend to maintain the profitability of the Group. MeokBang Korean BBQ & Bar (妹八韓烤) under the "Fulum Concept (富臨概念)" line is to be one of the specialty restaurants where the Group is focusing on expansion in Hong Kong during the upcoming financial year. In addition, we are evaluating other fast-moving specialty cuisines in line with Hong Kong people's dining habits and taste and will accordingly open other restaurants where opportunities arise.

Management Discussion and Analysis

From the operational perspective, the Group has the advantage as a large-scale catering operator to leverage its central kitchen and logistics centre by upgrading both hardware and software and reengineering procedures to achieve more favourable operating margins through the ongoing expansion plan in order to enjoy the benefit of economies of scale. The Group is also emphasizing branding promotion to create brand awareness in order to attract customers. We plan to use more online advertising channels such as dining mobile apps to be more effectively and widely spread the marketing message to the mass public for better penetration while our restaurants are promoting special offer/menu packages or new dishes. Furthermore, we are introducing loyalty programme membership cards in June 2015 with the pilot testing in the business of "Sportful Garden" in Hong Kong for our loyal customers to accumulate credit points in providing value-added benefits or gifts to loyal customers for rewarding their frequent visits.

In China, high-end catering sales growth has slowed down as a result of the government's effort to curb government spending on lavish banquets and to rein in extravagant spending since 2013. However, China's catering sector has witnessed a broadbased gradual recovery in 2014. Mass catering in China is being supported by the Central Government in line with the gradual and steady growth of the consumption sector within the domestic economy. Mass-market dining is now a new trend and we anticipate that the mass catering market is promising for the long-term development. Therefore, the Group is closely monitoring the development trend in China and will carefully select possible locations for our Fulum Palace restaurants. By the end of April 2015, we have selected Zhuhai in the Guangdong province as the location for opening our second restaurant in the PRC. During the year ending 31 March 2016, the Group plans to open two Fulum Palace restaurants within and outside the Guangdong province, so as to actively raise the brand awareness of Fulum Group and expand its customer base and market share nationwide.

Subsequent to the year ended 31 March 2015 and as at the date of this annual report, we have established two restaurants under the "Fulum (富臨)" main brand, three restaurants under the "Fulum Concept (富臨概念)" brand in Hong Kong and one more restaurant in mainland China. As at the date of this annual report, the Group possesses a total of 70 restaurants, of which 68 are located in Hong Kong and two restaurants in mainland China.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 March 2015, the Group's total assets increased to approximately HK\$1,248.6 million (2014: approximately HK\$973.9 million) while the total equity increased to approximately HK\$913.7 million (2014: approximately HK\$483.7 million).

As at 31 March 2015, we had approximately HK\$704.9 million in cash and bank balances available. The current ratio of the Group was approximately 2.9 (2014: approximately 1.5).

As at 31 March 2015, the Group's total borrowings amounted to approximately HK\$51.8 million (2014: approximately HK\$31.9 million), mainly consist of finance leases in the amount of approximately HK\$1.0 million (2014: approximately HK\$1.0 million), bank overdrafts in the amount of approximately HK\$0.8 million (2014: Nil) and a tax loan in the amount of approximately HK\$50 million (2014: approximately HK\$30.9 million). These finance lease liabilities are denominated in Hong Kong dollars and the effective interest rates ranged from approximately 5.6% to approximately 7.5% while a tax loan was denominated in Hong Kong dollars with effective interest rate of approximately 2.2% per annum and were repayable within one year. There are no material covenants relating to these outstanding indebtedness.

As at 31 March 2015, the gearing ratio (being the total of finance lease, tax loans and interest-bearing borrowings divided by total equity attributable to the owners of the Company) of the Group decreased to approximately 5.7% (2014: approximately 6.6%).

Management Discussion and Analysis

CAPITAL EXPENDITURE

The capital expenditure during the year under review was primarily related to expenditures on additions and renovation of property, plant and equipment for our central kitchen and logistics center new restaurants, and maintenance of existing restaurants and payment for our intangible assets. The capital commitments were related to leasehold improvements and equipment for our restaurants.

CONTINGENT LIABILITIES

As at 31 March 2015, we had contingent liabilities not provided for in the consolidated financial statements in the amount of approximately HK\$43.4 million in relation to bank guarantees given in lieu of rental and utility deposits (2014: approximately HK\$34.2 million).

As at 31 March 2014, we also had contingent liabilities not provided for in the consolidated financial statements in the amount of approximately HK\$260.8 million in related to guarantees given to banks in connection with facilities granted to related companies. All guarantees provided by the Group to the banks in connected with facilities granted to related companies had been fully released upon the Listing.

FOREIGN CURRENCY EXPOSURE

The Group's exposure to the risk of changes in foreign exchange rates relates preliminary to the Group's operating activities (to the extent that revenue or expenses are denominated in a currency that is different from the functional currency of the relevant subsidiaries of the Group). None of the Group's purchase during the reporting year was denominated in currencies other than the functional currency of the relevant subsidiaries.

The Group's assets, liabilities and transactions are mainly denominated in Hong Kong dollars. Certain of the Group's time deposits are denominated in Renminbi ("RMB") which is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business. The directors of the Company are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks and therefore no hedging arrangements were made. However, the Group will review and monitor the relevant foreign exchange exposure from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when appropriate.

HUMAN RESOURCES AND EMOLUMENT POLICY

As at 31 March 2015, the Group had approximately 4,800 employees in Hong Kong. We believe that in hiring, motivating and retaining qualified employees are crucial to our success as a restaurant operator. During the year under review, we have conducted a series of standardised training and advancement programs for all our staff, from serving staff, cashiers, floor managers, chefs, restaurant managers to district managers. These training programs intend to ensure that all new staff are equipped with the skills required for their positions. Our internal advancement programs can provide our staff with clear advancement guidelines and promote employee satisfaction. The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance and commission/bonuses. The emolument policies of the Group are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibility, merit, qualifications and competence, as well as comparable market statistics and state policies. The emolument policies of the Group are reviewed by the management of the Group regularly.

Management Discussion and Analysis

In addition, the Group also adopted the Pre-IPO Share Option Scheme (as defined below) and Share Option Scheme (as defined below), where eligible employees are entitled to various share options to subscribe for the ordinary shares in the Company for their past and potential contribution to the growth of the Group. As at 31 March 2015, approximately 52,050,000 options were outstanding under the Pre-IPO Share Option Scheme and no share options have been exercised during the year. Also, as at 31 March 2015, no options have been granted or agreed to be granted pursuant to the Share Option Scheme. Please refer to the section headed "Report of the Directors — Share Option Schemes" in this annual report for further information in relation to the Pre-IPO Share Option Scheme (as defined below) and the Share Option Scheme (as defined below).

INDEBTEDNESS AND CHARGES ON GROUP ASSETS

As at 31 March 2015, the Group's certain assets with carrying amount in aggregate of approximately HK\$2.4 million (2014: approximately HK\$2.3 million) were pledged to secure its bank borrowings and/or utilities guarantees.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

To rationalise the current structure of the Group for the Listing, the Company underwent a reorganisation ("Reorganisation") of the business comprising the Group, pursuant to which the Company became the holding company of the subsidiaries of the Company now comprising the Group. Details of the Reorganisation have been set out in the prospectus of the Company dated 4 November 2014.

Save for the Reorganisation, during the reporting year under review, there was no other material acquisition or disposal of subsidiaries or associated companies of the Company.

DIVIDENDS

The Board recommends a final dividend of HK5.00 cents per ordinary share for the year ended 31 March 2015 (2014: approximately HK\$13,333.33 per ordinary share) to shareholders whose names appear on the register of members of the Company on Monday, 24 August 2015. The final dividend, if approved, is to be payable in cash.

Directors and Senior Management

EXECUTIVE DIRECTORS

MR. YEUNG WAI 楊維

Mr. Yeung Wai ("Mr. Yeung"), aged 51, is an executive Director, the chairman of the Board and our chief executive officer. Mr. Yeung is one of the founders of the Group. Mr. Yeung is primarily responsible for the Group's overall corporate strategies, management and business development.

Mr. Yeung began his career as a restaurant chef in the 1980s. Prior to founding of the Group, Mr. Yeung had served various positions, including chef and manager, in a number of restaurants in Hong Kong and accumulated extensive experience in the management and day-to-day operations of restaurants. As a restaurant entrepreneur, Mr. Yeung has been recognized within the F&B industry in Hong Kong and served several positions within the industry. He was appointed to the Quality Tourism Services Association (優質旅遊服務協會) as a governing council member in 2014 and is the vice president of the Association of Restaurant Managers (現代管理(飲食)專業協會). Mr. Yeung is also a permanent member of The Chinese General Chamber of Commerce (香港中華總商會).

Mr. Yeung is the brother of Mr. YC Yeung and Mr. YK Yeung. Mr. Yeung is also a director of all members of the Group.

MR. YEUNG YUN CHUEN 楊潤全

Mr. YC Yeung, aged 58, is an executive Director and one of the founders of the Group. He concurrently serves as the co-chief operating officer of the Company. Mr. YC Yeung is primarily responsible for the strategic development and management of the restaurants under the "Sportful Garden (陶源)" main brand.

Mr. YC Yeung has over 30 years of experience in the F&B industry. Mr. YC Yeung's specialities are restaurant operations and quality assurance, based on his extensive experience in the production department of a number of restaurants in Hong Kong and the PRC, including Shangri-La Hotel Beijing, The Garden Hotel Guangzhou, and the group of restaurants owned by Maxim's Caterers Limited in the 1980s. He has gained substantial experiences in running and managing restaurants with his present and previous positions within the F&B industry.

Mr. YC Yeung has earned a number of accolades for works within the industry, including "Elite of China's Hotel Industry" (中國飯店英才) in 2008 by the Editorial Committee of China Restaurants and Food Service Industry Series (中國飯店與餐飲系列叢書編輯委員會) and "Top Ten Chinese Restaurant Master" of the year 2007–2008 (十佳中國飯店策劃大師) by China Hotel Annual Awards (中國飯店年會). In June 2008, he was helmed as a member of Les Amis d'Escoffier Society, Inc. (廚皇會大使), an international non-profit organisation promoting fine dining. He has been honored as the Honorary President of the third council of Zhuhai Food & Beverage Association (珠海市餐飲協會第三屆理事會) in June 2010.

Mr. YC Yeung is the brother of Mr. Yeung and Mr. YK Yeung. Mr. YC Yeung is also a director of the following members of the Group:

- Fulum Management Limited
- China Easy Investment Limited
- Super Rich International Limited
- Sino Scene Development Limited
- China Honest Development Limited
- Sino Emotion Limited
- Sino Favour (Hong Kong) Limited
- Chung Chun Enterprises Limited
- Sino Major Company Limited
- Sino Rainbow Development Limited
- Sino Target Investments Limited
- Sinotec H.K. Investments Limited
- Great Sino International Industrial Limited

Directors and Senior Management

MR. YEUNG YUN KEI 楊潤基

Mr. YK Yeung, aged 53, is an executive Director, the co-chief operating officer of the Group and one of the founders of the Group. His chief responsibilities are the management and strategic development of the restaurants under our “Fulum (富臨)” main brand.

Prior to founding of the Group in 1992, Mr. YK Yeung was an experienced practitioner in the F&B industry in Hong Kong with over 30 years of extensive experience, serving various positions in a number of restaurants in Hong Kong.

Mr. YK Yeung has been recognised within the F&B industry. In the year of 2009 to 2010, he was awarded with a “platinum five-star medal” (白金五星勳章) in the “China Hotel Industry 100 Elites” (飯店業中華英才百福榜). His industry recognition also includes his position as a current director of the Hong Kong Federation of Restaurants and Related Trades (香港餐飲聯業協會). He also received the “gold belt certificate” from, and was elected as a director of, The HK 5-S Association (香港五常法協會) in July 2013.

Mr. YK Yeung is the brother of Mr. Yeung and Mr. YC Yeung. Mr. YK Yeung is also a director of the following members of the Group:

- Fulum Management Limited
- China Easy Investment Limited
- China Weal (HK) Limited
- Chung Chun Enterprises Limited
- Super Rich International Limited

MR. LEUNG SIU SUN 梁兆新

Mr. Leung, aged 54, is an executive Director and the executive chef of the Group and heads the production and procurement departments, central kitchen and logistics centre. His responsibilities include managing productions, developing new products and quality control.

With over 30 years of experience, Mr. Leung is a seasoned chef with working experience in the F&B industry in Hong Kong, the PRC and Japan. His career highlights include his positions at Maxim’s Caterers Limited in Hong Kong in the 1980s, The Garden Hotel, Guangzhou in the PRC, and The Royal Hotel in Aomori, Japan, all held in the 1980s. Mr. Leung joined the production department in July 1995 as a chef and has since been involved in the quality assurance functions. He was promoted to his current position of executive chef in June 2004.

Mr. Leung sought to improve his industry knowledge by completing the “green belt” certificate course organized by The HK 5-S Association (香港五常法協會) in April 2007, and was subsequently advanced to the “black belt” certificate in July 2013. Mr. Leung has also attended an overseas training course on advanced food production and management organised by the Hong Kong Productivity Council and was helmed as a member of Les Amis d’Escoffier Society, Inc. (廚皇會大使), an international non-profit organisation promoting fine dining, in February 2005. Mr. Leung received a certificate for food hygiene managers from the Hong Kong Christian Service Kwun Tong Vocational Training Centre in April 2005.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. FAN CHUN WAH ANDREW 范駿華

Mr. Fan, aged 36, is an independent non-executive Director and supervises the overall management of the Group.

Mr. Fan has been a practising certified public accountant in Hong Kong since 2006, with over eight years of experience. He obtained a bachelor's degree in business administration (accounting and finance) from the University of Hong Kong in December 1999 and a bachelor's degree in laws from the University of London in August 2007. He is a practicing certified public accountant at C. W. Fan & Co. since January 2006 and prior to that, he was a vice president of Citigroup Global Markets Asia Limited and a manager of PricewaterhouseCoopers, Hong Kong. Mr. Fan has been a member of the Association of Chartered Certified Accountants in the United Kingdom since August 2011, and the Hong Kong Institute of Certified Public Accountants since September 2006. He has also been a member of the Hong Kong Society of Accountants since January 2003. He is a council member of the Society of Chinese Accountants & Auditors. He is also a committee member of the tenth and eleventh Chinese People's Political Consultative Conference of the Zhejiang Province, the fourth and fifth Chinese People's Political Consultative Conference of Shenzhen and the vice chairman of the Hong Kong United Young Association.

Mr. Fan is also an independent non-executive director of Culturecom Holdings Limited (Stock Code: 00343), Milan Station Holdings Limited (Stock Code: 01150), Chuang's China Investments Limited (Stock Code: 00298), LT Commercial Real Estate Limited (Stock Code: 00112) and Sinomax Group Limited (Stock Code: 01418), the shares of all of which are listed on the Main Board of the Stock Exchange. Mr. Fan was an independent non-executive director of CIG Yangtze Ports PLC (Stock Code: 08233), the shares of which are listed on the Growth Enterprises Market of the Stock Exchange, during the period from February 2009 to April 2014 and Far East Holdings International Limited (Stock Code: 00036), the shares of which listed on the Main Board of the Stock Exchange, during the period from October 2009 to March 2012.

MR. LOCK KWOK ON ANTHONY 駱國安

Mr. Lock, aged 54, is an independent non-executive Director and supervises the overall management of the Group.

Mr. Lock is currently the Advisor of Acana Investment Limited and was the Chairman of the Hong Kong Federation of Restaurants and Related Trades (香港餐飲聯業協會) from September 2008 to December 2011 and became its present President in December 2011 and is widely recognised in the restaurant industry. He is appointed as Technical Advisor of Employees Retraining Board (僱員再培訓局) of the Chinese Cuisine Training Institute Training Board of the Vocational Training Council. He has been a non-official member of the Business Facilitation Advisory Committee of the Economic Analysis and Business Facilitation Unit since January 2012. Mr. Lock also serves as a member of the Chinese Catering Qualifications Framework Advisory Committee (教育局中式飲食業資歷架構諮詢委員會會員).

Mr. Lock was the founder of California Red Limited and served as its chief executive officer. Mr. Lock was also the co-chairman of the Smoke-free Restaurants Working Group and Convener of the Catering Entertainment Premises Smoking Ban Regulations Concern Group in 2006. Mr. Lock joined Tsui Wah Holdings Limited (Stock Code: 01314), a leading Hong Kong-styled restaurants operator in Hong Kong and the PRC, in 2010 and was its chief executive officer from July 2011 to April 2015. Mr. Lock received a master's degree in business administration (Executive MBA) from The Chinese University of Hong Kong in September 2010. With his previous and current positions within the Group and other institutions, Mr. Lock has accumulated around 20 years of extensive experience in the restaurant and entertainment industry in Hong Kong.

Directors and Senior Management

MR. WU KAM ON KEITH 鄔錦安

Mr. Wu, aged 40, is an independent non-executive Director and supervises the overall management of the Group.

Mr. Wu is experienced in the F&B industry in Hong Kong as evidenced by his work at Tsit Wing International Holdings Ltd (the shares of which was listed on the Singapore Exchange Limited (T26) until October 2013), which supplies coffee, tea and related grocery items to food establishments in Hong Kong, the PRC and Asia. Joined in July 2005, Mr. Wu is currently an executive director, the general manager of group corporate services and group financial controller of Tsit Wing International Holdings Ltd and is responsible to assist its chairman and chief executive officer to formulate corporate strategy for growth and development. Prior to that, he was an accountant of Hong Kong International Terminals Limited which operates a number of ports at the Kwai Chung Terminals, Hong Kong, from April 2001 to June 2004 and practised as a certified public accountant at Deloitte Touche Tohmatsu from June 1997 to July 2000. These past and present positions have given him over seventeen years of financial and accounting experience.

Mr. Wu received a bachelor's degree in accountancy from the City University of Hong Kong in January 1997 and a master's degree in corporate governance from the Hong Kong Polytechnic University in October 2009. He was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants in September 2008 and an associate of The Hong Kong Institute of Chartered Secretaries in April 2010. He has also been a fellow of the Taxation Institute of Hong Kong since July 2010 and an elected associate of The Institute of Chartered Secretaries and Administrations in the United Kingdom since April 2010. Mr. Wu's knowledge and qualification as a Director is also evidenced by his membership in The Hong Kong Institute of Directors since June 2012.

SENIOR MANAGEMENT

MR. LEUNG KA LOK 梁家樂

Chief financial officer and company secretary

Mr. Leung, aged 44, joined the Group in January 2014 and is currently the chief financial officer and company secretary of the Company. Mr. Leung oversees our finance functions and company secretarial matters and is in charge of the financial management and control of the Group. He was the deputy general manager of investor relations and company secretary of Shanghai Electric Group Company Limited (Stock Code: 02727) and the Shanghai Stock Exchange (Stock Code: 601727) from January 2011 to June 2013. Prior to that, he was the chief financial officer and company secretary of Fortune Sun (China) Holdings Limited (Stock Code: 00352) from October 2005 to December 2010.

Mr. Leung was admitted as a fellow of the Association of Chartered Certified Accountants. He has also been and a member of The Hong Kong Institute of Certified Public Accountants since January 1996. He obtained a Bachelor of Arts degree in accountancy from the City University of Hong Kong and a master's degree in business administration from the University of Manchester.

Directors and Senior Management

MR. LAM CHI KUI 林子駒

Operations director

Mr. Lam, aged 48, is the operation director of the Group. He first joined the Group in February 1993 as a manager of the restaurant of the Group in Tai Kok Tsui, Hong Kong. He pursued his personal business venture between June 1998 and June 2005 and re-joined the Group as a branch manager of the restaurant in Mong Kok, Kowloon. Starting from September 2006, he became involved in the central management of the Group, serving as the property development manager.

Mr. Lam is in charge of the daily management of the operations, including matters relating to business, human resources, public relations, marketing and information technology. Mr. Lam is the brother-in-law of Mr. Yeung Wai, a controlling shareholder of the Company and an executive Director.

MR. CHAN CHOK HIM 陳作謙

Business director

Mr. Chan, aged 34, is the business director of the Group and joined the Group in February 2002. Mr. Chan was appointed to his current position in April 2014 and is primarily responsible for setting business targets and executing the daily operations of the “Fulum (富臨)” and “Sportful Garden (陶源)” lines of restaurants. Mr. Chan has over twelve years of experience in restaurant operations. He also worked in the Group as the branch manager of a number of restaurants between February 2006 and April 2009, the district manager between May 2009 and September 2013 and deputy operations director.

Corporate Governance Report

CORPORATE GOVERNANCE CODE

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. For the period from the Listing Date and up to the date of this annual report, save for the deviation from code provision A.2.1 of the CG Code, the Board considered that the Company has complied with the code provisions set out in the CG Code.

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman (the "Chairman") and the chief executive officer (the "Chief Executive Officer") of the Company should be separate and should not be performed by the same individual. For the year under review, the Company did not have a separate Chairman and Chief Executive Officer, with Mr. Yeung Wai performing these two roles, as Mr. Yeung Wai has in-depth experience and knowledge of the Group and its businesses. The Board is of the view that his appointment into the dual roles as the Chairman and the Chief Executive Officer is in the best interest of the Group in order to ensure continuity of leadership and efficiency in formulation and execution of corporate strategies, and that there is adequate balance of power and authority in place.

The Board is committed to maintain a high standard of corporate governance practices to safeguard the interests of the shareholders of the Company, and to enhance corporate value and accountability. These objectives can be achieved by an effective Board, segregation of duties with clear responsibility, sound internal controls, appropriate risk assessment procedures and transparency to all the Company's shareholders.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct (the "Code of Conduct") regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Based on responses of specific enquiries made with the Directors, all of the Directors have confirmed that they have complied with required standards as set out in the Model Code and Code of Conduct since the Listing Date and up to the date of this annual report.

BOARD OF DIRECTORS

The Board is responsible for formulating overall strategic decision of the Company, setting objectives for the management, monitoring and controlling the performance of the management. The management of the Company implements the strategic decisions and deals with operational matters of the Group under the delegation and authority of the Board.

The Board has a balanced composition of Executive and non-executive Directors to ensure independent viewpoints in all discussions. The Board currently comprises of seven directors, including four executive Directors and three independent non-executive Directors. Board members are listed below:

EXECUTIVE DIRECTORS

Mr. Yeung Wai (*Chairman & Chief Executive Officer*)
Mr. Yeung Yun Chuen
Mr. Yeung Yun Kei
Mr. Leung Siu Sun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fan Chun Wah Andrew
Mr. Lock Kwok On Anthony
Mr. Wu Kam On Keith

Biographical information of the directors is set forth on pages 19 to 22 of this annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have been appointed by the Company for a term of three years commencing from 28 October 2014, renewable automatically for successive terms of one month each commencing from the next day after the expiry of the then current term of appointment. Such appointment may be terminated in accordance with the terms of the letters of appointment, including by either party giving to the other party not less than three months' advance written notice of termination.

Each of the independent non-executive Directors has given an annual confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. As at the date of this annual report, the Company is of the view that all independent non-executive Directors are independent.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Prior to the Listing Date, the Directors have been provided with the relevant induction to ensure that they have a proper understanding of the business and operations of the Company and that they are fully aware of the responsibilities and obligations as being a Director of a listed company as well as the compliance practice under the Listing Rules. Directors are kept updated on the statutory and regulatory development and changes in the business and the market so as to facilitate the discharge of their responsibilities. Continuous briefing and professional development for Directors will be arranged where necessary.

During the reporting year up till 31 March 2015, the Directors are provided with monthly updates on the Company's performance and position to enable the Board as a whole and each Director to discharge their duties. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

According to the records provided by the Directors, a summary of training received by Directors during the year under review is as follows:

Name of Directors	Type of continuous professional development
Executive Directors	
Mr. Yeung Wai	A
Mr. Yeung Yun Chuen	A
Mr. Yeung Yun Kei	A
Mr. Leung Siu Sun	A
Independent non-executive Directors	
Mr. Fan Chun Wah Andrew	A
Mr. Lock Kwok On Anthony	A
Mr. Wu Kam On Keith	A

Note:

A: attending briefing sessions and/or seminars relating to matters in financial, legal and corporate governance

Corporate Governance Report

BOARD MEETINGS

The Board met regularly in person or by means of electronic communication. It is intended that the Board should meet at least four times a year. Regular board meetings are usually scheduled in the first quarter of the year to give all directors adequate time to plan their schedules to attend. Directors receive at least 14 days' prior written notice of regular board meetings and an agenda.

Since the Listing Date and up to 31 March 2015, the Board has convened and held three Board meetings. Attendance records of the Directors at the Board meeting is tabulated as follows:

	Number of meetings attended/ Number of meetings convened
Executive Directors:	
Mr. Yeung Wai	3/3
Mr. Yeung Yun Chuen	3/3
Mr. Yeung Yun Kei	3/3
Mr. Leung Siu Sun	3/3
Independent non-executive Directors:	
Mr. Fan Chun Wah Andrew	3/3
Mr. Lock Kwok On Anthony	3/3
Mr. Wu Kam On Keith	3/3

Corporate Governance Report

BOARD COMMITTEES

To facilitate the work of the Board, board committees have been set up with written terms of reference which clearly define the role, authority and functions of each committee. Each board committee is required to report their decisions or recommendations to the Board. Details of Directors' attendances at the board committee meetings are shown on above.

The composition, role and function and summary of work done of each board committee are set forth below:

EXECUTIVE COMMITTEE

The Company established an executive committee (the "Executive Committee") on 31 December 2014 with written terms of reference. The primary duties of the Executive Committee include the approval and entering into any agreement or document or transaction on behalf of the Company as the committee may consider necessary or desirable in connection with the normal and ordinary course of business and the day-to-day management and operation of the Company. Currently, Mr. Yeung Wai, Mr. Yeung Yun Chuen, Mr. Yeung Yun Kei and Mr. Leung Siu Sun, all being executive Directors are members of the Executive Committee with Mr. Yeung Wai, being the chairman.

Since the Listing Date and up to 31 March 2015, the Executive Committee has convened three meetings. The individual attendance record of the members of the Executive Committee is tabulated as follows:

	Number of meetings attended/ Number of meetings convened
Executive Directors:	
Mr. Yeung Wai	3/3
Mr. Yeung Yun Chuen	3/3
Mr. Yeung Yun Kei	3/3
Mr. Leung Siu Sun	3/3

Corporate Governance Report

AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") on 28 October 2014 with written terms of reference. The primary duties of the Audit Committee are to make recommendations to our Board on the appointment and removal of the external auditor, to review the financial statements and material advice in respect of financial reporting and to oversee the audit process and internal control procedures of the Group. Currently, Mr. Fan Chun Wah Andrew, Mr. Lock Kwok On Anthony and Mr. Wu Kam On Keith, all being independent non-executive Directors, are members of the Audit Committee with Mr. Wu Kam On Keith, being the chairman.

Since the Listing Date and up to 31 March 2015, the Audit Committee has convened one meeting. The individual attendance record of the members of the Audit Committee is tabulated as follows:

	Number of meetings attended/ Number of meetings convened
Independent non-executive Directors:	
Mr. Wu Kam On Keith	1/1
Mr. Lock Kwok On Anthony	1/1
Mr. Fan Chun Wah Andrew	1/1

The work performed by the Audit Committee during the period from the Listing Date to 31 March 2015 included (i) to review external auditors' management letter and management response; (ii) to review the interim and annual reports before submission to the Board for approval; and (iii) to review the progress and effectiveness of the Group's internal control and risk management.

NOMINATION COMMITTEE

The Company established the nomination committee (the "Nomination Committee") on 28 October 2014 with written terms of reference. The Nomination Committee has three members comprising Mr. Fan Chun Wah Andrew and Mr. Lock Kwok On Anthony, being independent non-executive Directors and Mr. Yeung Wai, the executive Director. The chairman of the Nomination Committee is Mr. Fan Chun Wah Andrew.

The Nomination Committee is mainly responsible for, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors. The Committee will also periodically review the board diversity policy of the Company (the "Board Diversity Policy"), as appropriate, to ensure the effectiveness of the Board Diversity Policy and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee had not convened any meeting during the period from the Listing Date to 31 March 2015. As at the date of this annual report, the Nomination Committee has convened one meeting. The individual attendance record of the members of the Nomination Committee is tabulated as follows:

	Number of meetings attended/ Number of meetings convened
Executive Director:	
Mr. Yeung Wai	1/1
Independent non-executive Directors:	
Mr. Fan Chun Wah Andrew	1/1
Mr. Lock Kwok On Anthony	1/1

During the period from the Listing Date to 31 March 2015, the Nomination Committee had reviewed the Board Diversity Policy and reported on the Board's composition under diversified perspectives, and had monitored the implementation of the Board Diversity Policy.

Corporate Governance Report

Pursuant to the Board Diversity Policy adopted by the Board, when reviewing the composition of the Board and considering the nomination of new Directors, the Nomination Committee will take into account gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of potential candidates and also business needs of the Company.

With reference to the business needs of the Group, measurable objectives have been set for implementing the Board Diversity Policy. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

During the year, the Company has achieved the following measurable objectives:

- (1) at least one-third of the Board is composed of independent non-executive Directors;
- (2) at least one-third of the Board are holders of a Bachelor's degree or above;
- (3) at least one Director is a qualified accountant;
- (4) at least one Director has relevant experience in F&B industry; and
- (5) at least one Director has relevant experience in finance.

Based on the review by the Nomination Committee, the Nomination Committee considers that the Company has achieved the measurable objectives set for implementing the Board Diversity Policy for the year under review.

REMUNERATION COMMITTEE

The Company established the remuneration committee (the "Remuneration Committee") on 28 October 2014 with written terms of reference. The Remuneration Committee has three members comprising Mr. Fan Chun Wah Andrew and Mr. Lock Kwok On Anthony, being independent non-executive Directors and Mr. Yeung Wai, an executive Director. The Remuneration Committee is chaired by Mr. Lock Kwok On Anthony.

The primary duties of the Remuneration Committee include (i) making recommendations to the Board on the policy and structure for all remuneration of all Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) making recommendations to the Board on the remuneration package of all Directors and senior management of the Group; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

As there has been no change to the remuneration policy and structure of the Directors and the senior management since the Listing Date, the Remuneration Committee did not convene any meeting during the period from the Listing Date to 31 March 2015.

	Number of meetings attended/ Number of meetings convened
Executive Director:	
Mr. Yeung Wai	0/0
Independent non-executive Directors:	
Mr. Fan Chun Wah Andrew	0/0
Mr. Lock Kwok On Anthony	0/0

Corporate Governance Report

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors understand and acknowledge their responsibilities for preparing the accounts for the year under review.

The statement of the external auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set forth in the Independent Auditors' Report on pages 47 to 48 of this annual report.

COMPANY SECRETARY

Mr. Leung Ka Lok, the company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are being followed.

During the year ended 31 March 2015, Mr. Leung has taken no less than 15 hours of relevant professional training.

REMUNERATION OF EXTERNAL AUDITORS

For the year ended 31 March 2015, apart from the provisions of annual audit services, the Group's external auditors, Ernst & Young, were also the reporting accountants of the Company in relation to the Listing. During the year ended 31 March 2015, the total fee paid/payable in respect of audit and non-audit services provided by the Group's external auditors is set out below:

Items of auditors' services	Amount (HK\$'000)
Audit service	2,880
Non-audit service	
— Services provided in connection with initial public offering of the Company	3,694
— Other non-audit services	1,530
Total	8,104

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditors. Such appointment, re-appointment and removal are subject to the approval by the Board and the general meetings of the Company by the shareholders of the Company. The statement of the independent auditors of the Company about their audit opinion and reporting responsibilities on the financial statements of the Company and the Group is set out in the Independent Auditors' Report on pages 47 to 48 of this annual report.

INTERNAL CONTROL

The internal control system has been designed to safeguard the assets of the Group, to assure the proper maintenance of accounting records, and to ensure the compliance with the relevant laws and regulations. The Board has overall responsibility for maintaining a sound and effective internal control system throughout the Group which includes a defined management structure with limits of authority, and is designed to ensure the proper application of accounting standard and the provision of reliable financial information for internal use and for publication, and to secure compliance with the relevant laws and regulations. The system is developed to provide reasonable, but not absolute, assurance against material misstatement or losses and to manage, but not fully eliminate, the risks of operational systems failure and the risks of the Group's failure in meeting the standards. The Board will review the internal control system on an on-going basis. During the year, the Board has performed a review on the efficiency of the Group's internal control system on different aspects of the Group such as financial, operation, compliance and risk management, and we have also assessed the accounting and financial reporting functions of the Group, estimated the resources and budgets for training programmes and appraised the staff members' qualifications and experience.

The Board considers that the existing internal control system covers the current operations of the Group, and is effective and adequate. The internal control system of the Group will be constantly optimised to match the continuous development of the business within the Group. The Board would also communicate regularly with the audit committee and the external consultant.

INVESTOR RELATIONS

To enhance transparency and effectively communicate with the investment community, the executive Directors and senior management of the Group actively maintain close communications with various institutional investors, financial analysts and financial media by convening road shows and investors' conferences during the year. Investors are welcome to share their views with the Board by writing to the Company at its Hong Kong head office or sending enquiries to the Company's website at www.fulumgroup.com. Investors and shareholders of the Company are welcome to review the Company's recent announcements on the Group's website at www.fulumgroup.com.

SHAREHOLDERS' RIGHTS

CONVENING AN EXTRAORDINARY GENERAL MEETING

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

Corporate Governance Report

SHAREHOLDERS' ENQUIRIES TO THE BOARD

To ensure effective communication between the Board and the Shareholders, the Company has adopted a shareholder's communication policy (the "Policy") on 28 October 2014. Under the Policy, the annual shareholders' meetings and other shareholders' meetings of the Company are the primary forum for communication by the Company with its shareholders and for shareholder participation. Information about the Company including shareholder communications shall be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.fulumgroup.com). Shareholders may at any time put enquiries to the Board. Any such questions shall be directed to the company secretary of the Company.

PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

(i) To propose a person for election as a Director

Pursuant to article 85 of the Articles of Association and the "Procedures for shareholder to propose a person for election as a director of the Company" published by the Company on the Company's website, a shareholder of the Company who wishes to propose a person other than a Director for election as a Director at a general meeting should lodge a written notice at the Company's principal place of business in Hong Kong at 15/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong, for the attention of the company secretary of the Company.

The period for lodgement of the above notice shall be a 7-day period commencing on the day after the despatch of the notice of the general meeting appointed for such election of Director(s) and ending on the date falling 7 days after the despatch of the said notice of the general meeting. For details of the procedure, please refer to "Procedures for shareholder to propose a person for election as a director of the Company" published by the Company on the Company's website.

(ii) Other proposals

If a shareholder of the Company wishes to make other proposals at a general meeting, he may lodge a written request, duly signed, at the Company's principal place of business at 15/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong marked for the attention of the company secretary of the Company.

CONTACT DETAILS

Shareholders of the Company may send their enquiries or requests as mentioned above to the following:

Address: 15/F., Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong

Email: investor@fulum.com.hk

CHANGE IN CONSTITUTIONAL DOCUMENTS

From the Listing Date and up to the date of this annual report, there was no significant change in the Company's constitutional documents.

Report of the Directors

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Company and the Group for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally involved in restaurant operations in Hong Kong and Mainland China, the provision of festival food products, production, sale and distribution of food products related to restaurant operations. The principal activities of the principal subsidiaries are set forth in note 16 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2015 and the financial position of the Company and the Group as at that date are set forth in the financial statements on pages 49 to 123.

The directors recommended the payment of a final dividend of HK\$5.00 cents per ordinary share, totalling approximately HK\$65,000,000, in respect of the year to shareholders whose names appear on the register of members on Monday, 24 August 2015. The proposed final dividend for the year ended 31 March 2015 has been approved at the Company's board meeting on 24 June 2015. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the statement of financial position. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Details of dividends for the year ended 31 March 2015 are set forth in note 12 to the financial statements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 12 August 2015 to Friday, 14 August 2015, both days inclusive, during which no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on 14 August 2015, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 11 August 2015 for registration.

Subject to the approval of shareholders at the meeting, the proposed final dividend will be paid on or about Friday, 4 September 2015 to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Monday, 24 August 2015, and the register of members of the Company will be closed from Thursday, 20 August 2015 to Monday, 24 August 2015, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 19 August 2015 for registration.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the Listing, after the deduction of related issuance expenses, amounted to approximately HK\$431.8 million. During the period between the Listing Date and 31 March 2015, the net proceeds from the Listing were utilised in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The balance of fund would be utilised according to the use disclosed in the Prospectus. The Group held the unutilised net proceeds in short-term deposits with licensed banks in Hong Kong.

Report of the Directors

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last four years, as extracted from the audited consolidated financial statements or published prospectus of the Company, is set out on page 124 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in share capital and share options of the Company during the year are set out in notes 29 and 30 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities from the Listing Date to 31 March 2015.

RESERVES

Details of movements in the reserves of the Company and of 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

At 31 March 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK\$625,081,000, of which HK\$65,000,000 has been proposed as a final dividend for the year. The amount of HK\$540,140,000 included the Company's share premium account which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totaling HK\$50,000.

MAJOR CUSTOMERS AND SUPPLIERS

As a restaurant chain, the Company had a large and diversified customer base across Hong Kong and did not rely on any single customer during the year. For the year ended 31 March 2015, the five largest suppliers and the single largest supplier of the Group accounted for approximately 44.6% (2014: 48.4%) and 18.5% (2014: 16.4%) of the total purchases of the Group, respectively.

During the year, Central International (HK) Limited, a company previously wholly owned by the controlling Shareholder, Mr. Yeung Wai was the Group's largest supplier. Mr. Yeung Wai disposed of Central International (HK) Limited to an independent third party in June 2014.

Save as disclosed above, during the year under review, none of the Directors, their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

DIRECTORS

The directors of the Company since the Listing Date and as at the date of this annual report were as follows:

Executive Directors:

Mr. Yeung Wai (*Chairman & Chief Executive Officer*)
Mr. Yeung Yun Chuen
Mr. Yeung Yun Kei
Mr. Leung Siu Sun

Independent Non-executive Directors:

Mr. Fan Chun Wah Andrew
Mr. Lock Kwok On Anthony
Mr. Wu Kam On Keith

Pursuant to articles 84(1) and 84(2) of the Company's articles of association, Mr. Yeung Yun Kei, Mr. Leung Siu Sun and Mr. Lock Kwok On Anthony will retire as Directors by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing from 28 October 2014, and such service agreements may be terminated in accordance with the terms of the service agreements, including by either party giving to the other party not less than three months' advance written notice of termination.

Each of the independent non-executive Directors has been appointed to the Board pursuant to their respective letters of appointment, for an initial term of three years commencing from 28 October 2014 renewable automatically for successive terms of one month each commencing from the next day after the expiry of the then current term of appointment, and such appointment may be terminated in accordance with the terms of the letters of appointment, including by either party giving to the other party not less than three months' advance written notice of termination.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Report of the Directors

DIRECTORS' EMOLUMENTS

The emoluments payable to Directors is determined by the Board with reference to recommendations given by the Remuneration Committee to the Board taking into account the directors' duties, responsibilities and performance and the results of the Group. A summary of the directors' remuneration is set out in note 8 to the financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or 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 pursuant to the Model Code, were as follows:

Name of Director	The Company/ name of associated corporation	Capacity/ nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Yeung Wai	The Company	Interest controlled jointly with another person (Note 2)	926,675,000 Shares (L) (Note 3)	71.28%
Mr. Yeung Yun Chuen	The Company	Interest controlled jointly with another person (Note 2)	926,675,000 Shares (L) (Note 3)	71.28%
Mr. Yeung Yun Kei	The Company	Interest controlled jointly with another person (Note 2)	926,675,000 Shares (L) (Note 3)	71.28%
Mr. Leung Siu Sun	The Company	Beneficial owner	70,625,000 Shares (L) (Note 4)	5.43%

Notes:

1. The letter "L" denotes the person's long position in the shares and underlying shares of the Company or the relevant associated corporation.
2. Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei being our executive Directors, are siblings, associates of each other under the Listing Rules and are deemed to be persons acting in concert under the Codes on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong. As such, each of Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei is deemed to be interested in all the Shares in which the others are interested.

3. These interests consist of 908,375,000 Shares and 18,300,000 underlying Shares ("Share Option Shares") comprised in the options granted to Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei pursuant to the Pre-IPO Share Option Scheme. (i) In respect of the 908,375,000 Shares, 272,025,000 Shares were held by Mr. Yeung Yun Chuen, 184,275,000 Shares were held by Mr. Yeung Yun Kei, and 452,075,000 Shares were held by China Sage International Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Yeung Wai; (ii) in respect of the 18,300,000 Share Option Shares, 8,300,000 Share Option Shares, 6,000,000 Share Option Shares and 4,000,000 Share Option Shares were granted to Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei, respectively. As described in Note 2 above, each of Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei is deemed to be interested in these 908,375,000 Shares and 18,300,000 underlying Shares held by them in aggregate.
4. These interests consist of 66,625,000 Shares and 4,000,000 Share Option Shares granted to Mr. Leung Siu Sun.

Save as disclosed above, as at 31 March 2015, none of the Directors or chief executive had any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register that was required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2015, the interests or short positions of the persons, other than Directors or chief executive of the Company, in the Shares and underlying Shares of the Company, as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Name of Shareholder	Capacity/ nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding in the Company
Ms. Lam Man Ki, Elane	Interest of spouse (Note 2)	926,675,000 Shares (L)	71.28%
Ms. Yung Yuk Ling	Interest of spouse (Note 3)	926,675,000 Shares (L)	71.28%
Ms. Hui Lin Na	Interest of spouse (Note 4)	926,675,000 Shares (L)	71.28%
China Sage International Limited	Beneficial owner (Note 5)	452,075,000 Shares (L)	34.78%
Ms. Leung Siu Kuen	Interest of spouse (Note 6)	70,625,000 Shares (L)	5.43%

Report of the Directors

Notes:

1. The letter "L" denotes the person or entity's long position in the shares and underlying shares of the Company.
2. Ms. Lam Man Ki Elane was deemed to be interested in all the Shares in which Mr. Yeung Wai, her spouse, was interested by virtue of the SFO.
3. Ms. Yung Yuk Ling was deemed to be interested in all the Shares in which Mr. Yeung Yun Chuen, her spouse, was interested by virtue of the SFO.
4. Ms. Hui Lin Na was deemed to be interested in all the Shares in which Mr. Yeung Yun Kei, her spouse, was interested by virtue of the SFO.
5. These Shares were held by China Sage International Limited. The entire issued shares of China Sage International Limited are owned by Mr. Yeung Wai.
6. Ms. Leung Siu Kuen was deemed to be interested in all the Shares in which Mr. Leung Siu Sun, her spouse, was interested by virtue of the SFO.

Save as disclosed above, as at 31 March 2015, no person, other than the Directors and chief executive of the Company, had registered an interest or short position in the shares or underlying shares of the Company that was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEMES

The Company operates a pre-initial public offering share option scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Share Option Scheme") (collectively, the "Schemes") for the purpose of motivating eligible participants to optimise their future contributions to the Group and to reward them for the past contributions and to attract and retain or otherwise maintain ongoing relationships with such eligible participants whose contributions are or will be beneficial to the performance, growth or success of the Group.

Eligible participants of the Schemes include the Company's directors, including independent non-executive directors, other employees of the Group and any consultants, business or joint venture partners, franchisees, contractors, agents, representatives or service providers of any member of the Group. The Pre-IPO Share Option Scheme and the Share Option Scheme were adopted by the Company on 28 October 2014 and became effective on 28 October 2014 and 13 November 2014, respectively, and, unless otherwise cancelled or amended, will remain in force for 5 years and 10 years, respectively, from respective effective dates.

The maximum number of shares in respect of which options may be granted under the Schemes and any other schemes by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Listing Date unless shareholders' approval has been obtained.

The maximum number of shares issuable under the share options to each eligible participant in the Schemes within any 12-month period is limited to 1% of the Shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in advance in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associate, in excess of 0.1% of the Shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's Shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

Report of the Directors

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

Details of the movements in the Company's outstanding share options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme for the year ended 31 March 2015 were as follows:

Name or category of participant	Granted during the year	Exercised during the year	Lapsed or cancelled during the year	Outstanding as at 31 March 2015	Date of grant	Exercise period	Exercise price per Share (HK\$)	Closing price of the Shares on the trading day immediately before the date of grant (HK\$)
Directors								
Yeung Wai	8,300,000	–	–	2,739,000	28 October 2014	13 November 2016 to 12 November 2019	0.93	N/A
		–	–	2,739,000	28 October 2014	13 November 2017 to 12 November 2019	0.93	N/A
		–	–	2,822,000	28 October 2014	13 November 2018 to 12 November 2019	0.93	N/A
Yeung Yun Chuen	6,000,000	–	–	1,980,000	28 October 2014	13 November 2016 to 12 November 2019	0.93	N/A
		–	–	1,980,000	28 October 2014	13 November 2017 to 12 November 2019	0.93	N/A
		–	–	2,040,000	28 October 2014	13 November 2018 to 12 November 2019	0.93	N/A
Yeung Yun Kei	4,000,000	–	–	1,320,000	28 October 2014	13 November 2016 to 12 November 2019	0.93	N/A
		–	–	1,320,000	28 October 2014	13 November 2017 to 12 November 2019	0.93	N/A
		–	–	1,360,000	28 October 2014	13 November 2018 to 12 November 2019	0.93	N/A
Leung Siu Sun	4,000,000	–	–	1,320,000	28 October 2014	13 November 2016 to 12 November 2019	0.93	N/A
		–	–	1,320,000	28 October 2014	13 November 2017 to 12 November 2019	0.93	N/A
		–	–	1,360,000	28 October 2014	13 November 2018 to 12 November 2019	0.93	N/A
Employees of the Group	31,700,000	–	(643,500)	9,817,500	28 October 2014	13 November 2016 to 12 November 2019	0.93	N/A
		–	(643,500)	9,817,500	28 October 2014	13 November 2017 to 12 November 2019	0.93	N/A
		–	(663,000)	10,115,000	28 October 2014	13 November 2018 to 12 November 2019	0.93	N/A
Total	54,000,000	–	(1,950,000)	52,050,000				

Report of the Directors

(A) PRE-IPO SHARE OPTION SCHEME

Pursuant to the Pre-IPO Share Option Scheme, the Company has granted 54,000,000 options to eligible directors, senior management and employees of the Group to subscribe for ordinary shares in the Company subject to the terms stipulated under the Pre-IPO Share Option Scheme. The exercise price is 60% of the final offer price of the Shares issued in connection with the Listing (HK\$0.93). No options were exercised during the year. 1,950,000 options were cancelled upon the termination of employment of the respective grantees during the year. As at the date of this annual report, the Company had 51,200,000 share options under the Pre-IPO Share Option Scheme, representing approximately 3.9% of the issued share capital of the Company as at that date.

(B) SHARE OPTION SCHEME

Pursuant to the Share Option Scheme, the Directors may invite participants to take up options at a price determined by the Board but in any event shall not be less than the highest of (i) the nominal value of a Share; (ii) the closing price of the Share as stated in the Stock Exchange's daily quotation sheet on the offer date; and (iii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date. The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which may be determined and notified by the Board to the grantee at the time of making an offer. As at the date of this annual report, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

Further details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in note 30 to the financial statements.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group has entered into various tenancy agreements with various entities controlled by the controlling shareholders of the Company or their associates (the "Connected Landlord Entities") to lease certain properties from the Connected Landlord Entities in accordance with the respective terms of the relevant tenancy agreements (the "Connected Tenancy Agreements"). The Group has entered into 22 Connected Tenancy Agreements with the Connected Landlord Entities in respect of the lease of certain properties owned by the Connected Landlord Entities to the Group for restaurant operations, as office premise/warehouse or as the central kitchen/logistics centre and these Connected Tenancy Agreements were entered into by the Group after having considered, among others, the prime location of these properties and the terms offered by the Connected Landlord Entities. The Connected Tenancy Agreements were entered into in the ordinary and usual course of the Group's business.

Pursuant to the tenancy framework agreement dated 28 October 2014 entered into between the Company and Mr. Yeung Wai, Mr. Yeung Yun Kei, Mr. Yeung Yun Chuen and Mr. Yeung Chun Nin (楊振年) (the "Tenancy Framework Agreement"), the Group has set annual caps for the maximum aggregate rental amount payable to the Connected Landlord Entities under the Tenancy Framework Agreement by the Group for each of the financial year ended 31 March 2015, and years ending 2016 and 2017 are HK\$80 million, HK\$80 million and HK\$80 million, respectively. During the year under review, amounts payable/paid by the Group to the Connected Landlord Entities amounted to HK\$76,869,000.

Based on the annual caps that have been proposed, the highest relevant percentage ratios in respect of the Connected Tenancy Agreements with the Connected Landlord Entities will, on an annual basis, exceed 5% and the total consideration for these transactions will, on an annual basis, exceed HK\$10 million. Accordingly, the Connected Tenancy Agreements with the Connected Landlord Entities constituted non-exempt continuing connected transactions under Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties conducted in accordance with the terms of the Tenancy Framework Agreement; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. No additional Connected Tenancy Agreement has been entered into under the Tenancy Framework Agreement during the period from the Listing Date to 31 March 2015.

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

Save for the aforementioned continuing connected transactions disclosed in this report, the related party transactions disclosed in note 40 to the financial statements are either exempted or non-exempted continuing connected transactions or connected transactions which have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

ANNUAL OFFER ARRANGEMENTS AND RIGHT OF FIRST REFUSAL BACKGROUND

As stated in the Prospectus, Mr. Yeung, Sportful Garden Restaurant Limited ("SGRL" which is not a member of the Group) and the Company have entered into an option deed dated 28 October 2014 (the "Deed of Annual Offer and ROFR"), pursuant to which Mr. Yeung and SGRL agreed to offer, on an exclusive basis, an option to the Company to, at our sole and absolute discretion, acquire (i) all or part of their respective interests in China Best Development Limited ("China Best"), Faith Linkage Limited ("Faith Linkage") and United Team Trading Limited ("United Team"), the holding companies of five mid-to-high end Chinese restaurants in Guangdong, the PRC under the brand of "Sportful Garden (陶源)" ultimately controlled by the controlling shareholders of the Company, namely Mr. Yeung Wai, China Sage International Limited, Mr. Yeung Yun Kei and Mr. Yeung Yun Chuen (the "Controlling Shareholders") (four of which are owned by Mr. Yeung and one of which is owned by SGRL) which were excluded from the Group as further described in the section headed "Relationship with our Controlling Shareholders" in the Prospectus (the "Excluded PRC Restaurants"); and/or (ii) certain trademarks in the PRC containing the Chinese character "陶源" and English letters "Sportful Garden" (the "PRC Sportful Garden Trademarks") or any one of them, once in each financial year upon the Listing (the "Annual Offer Arrangements"), subject to compliance with the necessary government approvals, board approvals and shareholders' approval requirements (as required by the Listing Rules, if applicable). The consideration of such transfer will be the average appraised value under the valuation reports to be conducted by two independent valuers, who shall be appointed by our independent non-executive Directors. Under the Deed of Annual Offer and ROFR, Mr. Yeung and SGRL will make the annual offer on 31 January in each financial year by giving a written notice of offer (the "Annual Offer Notice") to the Company.

Under the Deed of Annual Offer and ROFR, Mr. Yeung and SGRL have further granted to the Company a right of first refusal (the "ROFR"), pursuant to which, in the event that Mr. Yeung Wai and/or SGRL receive an offer from any independent third party to purchase, or contemplate to dispose of to any independent third party, the whole or any part of their respective interests in any of the Excluded PRC Restaurants and/or any of the PRC Sportful Garden Trademarks (the "Third Party Disposal"), the Company shall have the right to acquire the relevant Excluded PRC Restaurant(s) and/or the relevant PRC Sportful Garden Trademark(s) at the average appraised value under the valuation reports to be conducted by two independent valuers, who shall be appointed by the independent non-executive Directors, within 30 business days.

Report of the Directors

CORPORATE MEASURES IN RELATION TO THE ANNUAL OFFER ARRANGEMENTS AND ROFR

The Company will adopt the following additional corporate measures to protect the rights of the minority Shareholders in considering the Annual Offer Arrangements and/or ROFR:

- (i) decision for the acceptance of the offer under the Annual Offer Arrangements and/or ROFR shall be determined by our independent non-executive Directors only;
- (ii) the independent non-executive Directors are empowered to engage professional advisors at the costs of the Group for advice on matters relating to the Annual Offer Arrangements and/or ROFR; and
- (iii) the Company will disclose in its annual reports on the decision, with basis, of the independent non-executive Directors to accept or reject the offers under the Annual Offer Arrangements and/or ROFR.

The Annual Offer Arrangements and/or ROFR will be considered in the best commercial interests of the Shareholders as a whole and will be determined by the independent Non-executive Directors upon taking appropriate professional advice as mentioned above, and taking into account, as a minimum, (i) the Company's management resources; (ii) the competitive strengths and prospects of the Excluded PRC Restaurants; (iii) the value of the PRC Sportful Garden Trademarks to the overall corporate strategy in the PRC; and (iv) the financial positions of the Excluded PRC Restaurants. If the offers under the Annual Offer Arrangements and/or ROFR were accepted in the future, the acquisition would be financed through our internal resources or through obtaining external financings, or a combination of both, depending on the financial positions of the Group at the relevant time. The Directors have been advised that there is no legal impediment restricting Mr. Yeung and SGRL from transferring China Best, Faith Linkage and United Team, the holding companies of the Excluded PRC Restaurants, to the Group under the Annual Offer Arrangements and/or ROFR.

DECISION MADE DURING THE YEAR UNDER REVIEW

The independent non-executive Directors, on behalf of the Company, had unanimously declined the annual offer under the Annual Offer Notice for the year ended 31 March 2015 given by Mr. Yeung and SGRL after evaluating the financial and operational performance of the Excluded PRC Restaurants for the financial year ended 31 December 2014 with the following reasons:

- (i) Due to the recent state policy against high-end consumption sentiments in the PRC, the Directors have confirmed that the Group has no current intention to tap into the mid-to-high end segment in the PRC. For the time being, all future investments of the Group into the PRC market are expected to focus on the mass market segment. In the event that there is an uplift of or change to the state policy against high end consumption sentiment in the PRC, the Group may consider acquiring the Excluded PRC Restaurants under the Deed of Annual Offer and ROFR before tapping into the mid-to-high end market in the PRC on our own venture to avoid direct or indirect competition with our Controlling Shareholders; and
- (ii) According to the information provided by Mr. Yeung and SGRL, the consolidated operating and financial results of the Excluded PRC Restaurants were still in loss performance for the financial year ended 31 December 2014, and the business environment for mid-to-high end catering segments in the PRC was still sluggish.

In addition, during the year under review, there was no Third Party Disposal.

STATUS UPDATE AS TO THE 34 BUILDING ORDERS

Reference is made to the 34 unreleased building orders registered against our leased premises in the section headed “Business — Building orders and fire safety directions registered against our leased premises” in the Prospectus. Among those 34 unreleased building orders, 22 of them had been properly released by the Building Authority as well as Buildings Department as at the date of this annual report. Documents such as completion reports previously submitted to the Building Authority or Buildings Department in relation to five building orders among those 34 building orders are still under review by the Building Authority or Buildings Department. However, we are still unable to obtain co-operation from the relevant landlord(s) or incorporated owners to carry out the relevant rectification works regarding 7 building orders as disclosed in the Prospectus.

DEED OF NON-COMPETITION

The Company has received the written confirmations from Mr. Yeung Wai, China Sage International Limited, Mr. Yeung Yun Kei and Mr. Yeung Yun Chuen in respect of the compliance with the provisions of the deed of non-competition (“Deed of Non-competition”), entered into between the Controlling Shareholders and the Company as set out in the section headed “Relationship with our Controlling Shareholders — Deed of Non-competition” of the Prospectus, from the Listing Date to the date of this annual report.

The independent non-executive Directors had reviewed and confirmed that the Controlling Shareholders have complied with the Deed of Non-competition and the Deed of Non-competition has been enforced by the Company in accordance with its terms from the Listing Date to the date of this annual report.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “Directors’ and chief executive’s interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation” and the section headed “Share Option Schemes”, at no time during the period under review 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 spouses 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the 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 public as at the date of this annual report.

CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed “Continuing Connected Transactions” on page 42 of the annual report, no contracts of significance in relation to the Group’s business in which the Company or any its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Report of the Directors

AUDITORS

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

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters, including review of the audited financial statements of the Group for the year ended 31 March 2015. The financial statements for the year ended 31 March 2015 have been audited by the Company's external auditors, Ernst & Young.

ON BEHALF OF THE BOARD

Yeung Wai

Chairman

Hong Kong
24 June 2015

Independent Auditors' Report



To the shareholders of Fulum Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Fulum Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 49 to 123, which comprise the consolidated and company statements of financial position as at 31 March 2015, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 March 2015, and of the Group's financial performance 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

22/F CITIC Tower

1 Tim Mei Avenue

Central, Hong Kong

24 June 2015

Consolidated Statement of Profit or Loss

Year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
REVENUE	5	2,528,689	2,226,189
Other income and gains	5	17,033	7,376
Cost of inventories sold		(734,398)	(639,343)
Staff costs		(772,644)	(685,567)
Property rentals and related expenses		(372,274)	(301,513)
Depreciation	14	(78,540)	(65,299)
Fuel and utility expenses		(170,314)	(155,627)
Other expenses		(215,646)	(165,525)
Finance costs	6	(936)	(792)
PROFIT BEFORE TAX	7	200,970	219,899
Income tax expense	10	(40,678)	(39,841)
PROFIT FOR THE YEAR		160,292	180,058
Attributable to:			
Owners of the Company		160,292	167,541
Non-controlling interests		-	12,517
		160,292	180,058
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic		HK14.59 cents	HK17.18 cents
Diluted		HK14.40 cents	HK17.18 cents

Details of the dividends payable and proposed for the year are disclosed in note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
PROFIT FOR THE YEAR	160,292	180,058
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(12)	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	160,280	180,058
Attributable to:		
Owners of the Company	160,280	167,541
Non-controlling interests	–	12,517
	160,280	180,058

Consolidated Statement of Financial Position

31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	223,844	184,327
Goodwill	15	58,707	58,707
Deposits	20	86,504	37,059
Intangible assets/deposits paid in relation to intangible assets	17	13,000	–
Deposits for purchases of items of property, plant and equipment		5,281	–
Deferred tax assets	28	17,770	14,826
Total non-current assets		405,106	294,919
CURRENT ASSETS			
Inventories	18	72,298	97,725
Trade receivables	19	8,604	8,347
Prepayments, deposits and other receivables	20	49,656	40,216
Due from shareholders	21	–	3,729
Due from related parties	21	–	269,175
Tax recoverable		5,754	3,459
Pledged time deposit	22	2,356	2,349
Cash and cash equivalents	22	704,871	253,946
Total current assets		843,539	678,946
CURRENT LIABILITIES			
Trade payables	23	78,286	64,869
Other payables, accruals and deferred income	24	133,977	107,939
Interest-bearing bank borrowings	25	50,777	–
Finance lease payables	26	326	287
Due to a shareholder	21	–	400
Due to related parties	21	935	245,467
Provision	27	5,886	1,525
Tax payable		21,401	31,888
Total current liabilities		291,588	452,375
NET CURRENT ASSETS		551,951	226,571
TOTAL ASSETS LESS CURRENT LIABILITIES		957,057	521,490

Consolidated Statement of Financial Position

31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
NON-CURRENT LIABILITIES			
Accruals and deferred income	24	19,764	14,775
Finance lease payables	26	679	687
Provision	27	21,603	21,016
Deferred tax liabilities	28	1,283	1,291
Total non-current liabilities		43,329	37,769
Net assets		913,728	483,721
EQUITY			
Equity attributable to owners of the Company			
Issued capital	29	1,300	15
Reserves	31(a)	847,428	283,706
Proposed final dividend	12	65,000	200,000
Total equity		913,728	483,721

Yeung Wai
Director

Yeung Yun Chuen
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2015

	Notes	Attributable to owners of the Company										
		Issued capital	Share premium account	Other reserve	Merger reserve	Share option reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
		HK\$'000	HK\$'000	HK\$'000 (Note 31(a))	HK\$'000 (Note 31(a))	HK\$'000 (Note 31(a))	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013		-	-	8	2,054	-	-	213,465	-	215,527	16,859	232,386
Profit for the year and total comprehensive income for the year		-	-	-	-	-	-	167,541	-	167,541	12,517	180,058
Issue of shares	29(b),(c)	14	-	-	-	-	-	-	-	14	-	14
Acquisition of subsidiaries	29(d),32	1	76,999	-	-	-	-	-	-	77,000	-	77,000
Disposal of a subsidiary	33	-	-	-	-	-	-	-	-	-	68	68
Acquisition of non-controlling interests	34	-	-	(5,380)	-	-	-	-	-	(5,380)	(420)	(5,800)
Consideration paid in acquisition of subsidiaries in the Reorganisation		-	-	-	(5)	-	-	-	-	(5)	-	(5)
Acquisition of non-controlling interests upon the completion of the Reorganisation		-	-	-	29,024	-	-	-	-	29,024	(29,024)	-
Proposed final 2014 dividend	12	-	-	-	-	-	-	(200,000)	200,000	-	-	-
At 31 March 2014		15	76,999*	(5,372)*	31,073*	-	-	181,006*	200,000	483,721	-	483,721
At 1 April 2014		15	76,999	(5,372)	31,073	-	-	181,006	200,000	483,721	-	483,721
Profit for the year		-	-	-	-	-	-	160,292	-	160,292	-	160,292
Other comprehensive loss for the year:												
Exchange differences on translation of foreign operations		-	-	-	-	-	(12)	-	-	(12)	-	(12)
Total comprehensive income for the year		-	-	-	-	-	(12)	160,292	-	160,280	-	160,280
Final 2014 dividend declared		-	-	-	-	-	-	(200,000)	(200,000)	-	-	(200,000)
Capitalisation issue of Shares upon the Listing	29(g)	960	(960)	-	-	-	-	-	-	-	-	-
Issue of Shares upon the Listing	29(h)	325	503,425	-	-	-	-	-	-	503,750	-	503,750
Share issue expenses		-	(39,324)	-	-	-	-	-	-	(39,324)	-	(39,324)
Equity-settled share option arrangement	30	-	-	-	-	5,301	-	-	-	5,301	-	5,301
Transfer of share option reserve upon the forfeiture of share options		-	-	-	-	(135)	-	135	-	-	-	-
Proposed final 2015 dividend	12	-	-	-	-	-	-	(65,000)	65,000	-	-	-
At 31 March 2015		1,300	540,140*	(5,372)*	31,073*	5,166*	(12)*	276,433*	65,000	913,728	-	913,728

* These reserve accounts comprise the consolidated reserves of HK\$847,428,000 (2014: HK\$283,706,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		200,970	219,899
Adjustments for:			
Depreciation		78,540	65,299
Interest income	5	(2,654)	(12)
Gain on disposal of a subsidiary	5	–	(900)
Finance costs	6	936	792
Equity-settled share option expense	7	5,301	–
Loss/(gain) on disposal of items of property, plant and equipment, net	7	(113)	568
Write-off of items of property, plant and equipment	7	2,778	–
		285,758	285,646
Decrease/(increase) in inventories		25,431	(15,011)
Decrease/(increase) in trade receivables		(255)	5,704
Decrease/(increase) in prepayments, deposits and other receivables		(58,873)	3,189
Increase/(decrease) in trade payables		13,383	(31,720)
Increase in other payables, accruals and deferred income		27,604	4,827
Decrease in provision		(318)	–
		292,730	252,635
Cash generated from operations		292,730	252,635
Interest received		2,654	12
Interest element of finance lease rental payments		(57)	(44)
Hong Kong profits tax paid		(56,412)	(37,297)
		238,915	215,306
Net cash flows from operating activities		238,915	215,306
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(111,949)	(71,383)
Proceeds from disposal of items of property, plant and equipment		146	600
Deposits paid in relation to/additions to intangible assets		(13,000)	–
Deposits paid for purchase of items of property, plant and equipment		(5,281)	–
Acquisition of subsidiaries	32	–	8,986
Disposal of a subsidiary	33	–	(759)
Decrease/(increase) in amounts due from shareholders		3,729	(3,715)
Increase in a pledged time deposit		(7)	(9)
		(126,362)	(66,280)
Net cash flows used in investing activities		(126,362)	(66,280)

Consolidated Statement of Cash Flows

Year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	29(h)	503,750	–
Share issue expenses		(39,324)	–
New bank loan		60,000	–
Repayment of bank loan		(10,000)	–
Capital element of finance lease rental payments		(299)	(196)
Dividends paid		(200,000)	–
Repayment to related parties		(408,847)	(377,750)
Advance from related parties		433,490	246,897
Increase/(decrease) in an amount due to a shareholder		(400)	2,300
Interest paid		(879)	(748)
		337,491	(129,497)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		253,946	234,417
Effect of foreign exchange rate changes, net		104	–
		704,094	253,946
CASH AND CASH EQUIVALENTS AT END OF YEAR			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	22	704,871	253,946
Bank overdrafts, unsecured	25	(777)	–
		704,094	253,946
Cash and cash equivalents as stated in the consolidated statement of cash flows		704,094	253,946

Statement of Financial Position

31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSET			
Investment in a subsidiary	16	77,000	77,000
CURRENT ASSETS			
Due from subsidiaries	16	302,347	200,000
Other receivables	20	1,380	–
Due from shareholders	21	–	14
Cash and cash equivalents	22	300,820	–
Total current assets		604,547	200,014
CURRENT LIABILITY			
Interest-bearing bank borrowing	25	50,000	–
NET CURRENT ASSETS		554,547	200,014
Net assets		631,547	277,014
EQUITY			
Issued capital	29	1,300	15
Reserves	31(b)	565,247	76,999
Proposed final dividend	12	65,000	200,000
Total equity		631,547	277,014

Yeung Wai
Director

Yeung Yun Chuen
Director

1. CORPORATE INFORMATION

Fulum Group Holdings Limited was incorporated in the Cayman Islands on 24 February 2014 as an exempted company with limited liability under the companies law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 15th Floor, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong.

The Company is an investment holding company and the Company's subsidiaries were principally engaged in restaurant operations in Hong Kong. The shares of the Company (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 November 2014 (the "Listing Date") (the "Listing").

2.1 REORGANISATION AND BASIS OF PRESENTATION

Pursuant to a reorganisation of the Company in connection with the Listing (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 31 March 2014. Since the Company and the companies now comprising the Group were under the common control of Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei (the "Controlling Shareholders") both before and after the Reorganisation, the Reorganisation was accounted for using the principles of merger accounting. Details of the Reorganisation are set out in the paragraph headed "Reorganization" in the section headed "History and Corporate Structure — Shareholding and Corporate Structure" in the prospectus of the Company dated 4 November 2014 (the "Prospectus").

The consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 March 2014 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2014 was prepared to present the assets and liabilities of the Group using the existing carrying values from the Controlling Shareholders' perspectives. No adjustments were made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

2.2 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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, which because the Company has not early adopted the revised requirements of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") issued by the Hong Kong Stock Exchange, are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention. These financial statements are prepared in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to Financial Statements

31 March 2015

2.2 BASIS OF PREPARATION *(Continued)*

BASIS OF CONSOLIDATION *(Continued)*

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

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

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

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011–2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

The adoption of the above revised standards and new interpretation has had no significant financial effect on these financial statements.

2.4 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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 9	<i>Financial Instrument</i> ⁴
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ²
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 1	<i>Disclosure Initiative</i> ²
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ²
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs ²

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

In addition, the amendments to the Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 March 2016. The Group is in the process of making an assessment of the impact of these changes.

Notes to Financial Statements

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SUBSIDIARIES

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current liability to direct the relevant activities of the investee).

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

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

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* ("HKAS 39") is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BUSINESS COMBINATIONS AND GOODWILL *(Continued)*

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

Notes to Financial Statements

31 March 2015

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FAIR VALUE MEASUREMENT *(Continued)*

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

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

RELATED PARTIES

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

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

or

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

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

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

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

Notes to Financial Statements

31 March 2015

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION *(Continued)*

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

Leasehold improvements	Over the shorter of the lease terms and 16.7% to 20%
Furniture, fixtures and equipment	20%
Computer equipment	30%
Air conditioning	20%
Kitchen equipment	30%
Motor vehicles	30%

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

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

Renovation in progress represents items of property, plant and equipment in respect of a renovation project, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of renovation during the period of renovation. Renovation in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

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

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

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are all classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

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.

Subsequent measurement of loans and receivables

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

DERECOGNITION OF FINANCIAL ASSETS

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

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

Notes to Financial Statements

31 March 2015

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

DERECOGNITION OF FINANCIAL ASSETS *(Continued)*

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

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.

IMPAIRMENT OF FINANCIAL ASSETS

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

Financial assets carried at amortised cost

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

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL LIABILITIES

Initial recognition and measurement

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

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

Subsequent measurement of loans and borrowings

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

DERECOGNITION OF FINANCIAL LIABILITIES

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

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

OFFSETTING OF FINANCIAL INSTRUMENTS

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

INVENTORIES

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

Notes to Financial Statements

31 March 2015

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

CASH AND CASH EQUIVALENTS

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

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, 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 end the reporting period 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 statement of profit or loss.

INCOME TAX

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

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

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAX (Continued)

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the 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 by the end of the reporting period.

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:

- (i) from restaurant operations, when catering services have been provided to customers;
- (ii) from the sale of food and other operating items, when the food and other operating items are sold to customers and the significant risks and rewards of ownership have been transferred to the customers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the food and other operating items sold;
- (iii) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;

Notes to Financial Statements

31 March 2015

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE RECOGNITION *(Continued)*

- (iv) sponsorship income, when there is reasonable assurance that the sponsorship income will be received and all attaching conditions will be complied with. Where the sponsorship income relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments;
- (v) licensing income, on a time proportion basis over the lease terms; and
- (vi) ticketing income, when the tickets have been sold to customers.

SHARE-BASED PAYMENTS

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 30 to the financial statements.

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

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OTHER EMPLOYEE BENEFITS

Pension Schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit 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 statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in certain employee social security plans (the "Plans"), including pension and other welfare benefit plans, administered by the government authorities. These subsidiaries are required to contribute a certain percentage of their payroll costs to the Plans. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the Plans.

DIVIDENDS

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the consolidated statement of financial position, 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 CURRENCIES

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

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

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

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3. SIGNIFICANT ACCOUNTING 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 their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

ESTIMATION UNCERTAINTY

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

Impairment of non-financial assets

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (a) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (b) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (c) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections could materially affect the net present value used in the impairment test.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

ESTIMATION UNCERTAINTY *(Continued)*

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer taste or competitor actions. Management reassesses these estimates at each reporting date.

Impairment of loans and receivables

The Group assesses at the end of the reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profits 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.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in restaurant operations in Hong Kong. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

INFORMATION ABOUT GEOGRAPHICAL AREAS

Since over 90% (2014: 100%) of the Group's revenue and profit were generated from restaurant operations in Hong Kong and over 90% (2014: 100%) of the Group's non-current assets were located in Hong Kong during the year, no geographical segment information in accordance with HKFRS 8 *Operating Segments* is presented.

INFORMATION ABOUT MAJOR CUSTOMERS

Since no revenue derived from sales to a single customer of the Group has individually accounted for over 10% of the Group's total revenue during the year, no information about major customers in accordance with HKFRS 8 *Operating Segments* is presented.

Notes to Financial Statements

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5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the gross revenue from restaurant operations and net invoiced value of goods and other operating items sold, after allowances for returns and trade discounts. An analysis of revenue, other income and gains is as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Revenue		
Restaurant operations	2,463,028	2,158,743
Sale of food and other operating items	65,661	67,446
	2,528,689	2,226,189
Other income and gains		
Bank interest income	2,654	12
Licensing income	2,111	1,496
Sponsorship income	5,101	3,501
Ticketing income	3,242	–
Gain on disposal of a subsidiary (note 33)	–	900
Gain on disposal of items of property, plant and equipment, net	113	–
Others	3,812	1,467
	17,033	7,376

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Interest on bank overdrafts and bank loan wholly repayable on demand or within five years	323	62
Interest on finance leases	57	44
Interest on loans from a related party	556	686
	936	792

7. PROFIT BEFORE TAX

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

	2015	2014
	HK\$'000	HK\$'000
Lease payments under operating leases in respect of land and buildings:		
Minimum lease payments	316,595	248,685
Contingent rents	1,217	579
	317,812	249,264
Employee benefit expenses (including directors' remuneration (note 8)):		
Salaries, bonuses and other allowances	736,624	657,046
Equity-settled share option expense	5,301	–
Retirement benefit scheme contributions (defined contribution schemes) [^]	30,719	28,521
	772,644	685,567
Auditors' remuneration*	2,880	1,026
Listing expenses*	19,867	6,662
Loss/(gain) on disposal of items of property, plant and equipment, net*	(113)	568
Write-off of items of property, plant and equipment*	2,778	–
Foreign exchange differences, net*	2,051	–

[^] At the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2014: Nil).

* These items were included in "Other expenses" in the consolidated statement of profit or loss.

Notes to Financial Statements

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8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Fees	231	–
Other emoluments:		
Salaries, allowances and benefits in kind	4,360	5,806
Equity-settled share option expense	2,218	–
Retirement benefit scheme contributions (defined contribution scheme)	70	60
	6,648	5,866
	6,879	5,866

During the year, certain directors were granted share options in respect of their services to the Group under the share option scheme of the Company, further details of which are set out in note 30 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

(a) INDEPENDENT NON-EXECUTIVE DIRECTORS

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

	2015
	HK\$'000
Mr. Fan Chun Wah Andrew	77
Mr. Lock Kwok On Anthony	77
Mr. Wu Kam On Keith	77
	231

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

The Company did not have any independent non-executive directors at any time during the year ended 31 March 2014.

8. DIRECTORS' REMUNERATION (Continued)
 (b) EXECUTIVE DIRECTORS

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Equity-settled share option expense HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2015					
Mr. Yeung Wai	-	1,230	825	18	2,073
Mr. Yeung Yun Chuen	-	1,130	597	18	1,745
Mr. Yeung Yun Kei	-	1,000	398	17	1,415
Mr. Leung Siu Sun	-	1,000	398	17	1,415
	-	4,360	2,218	70	6,648

Year ended 31 March 2014

Mr. Yeung Wai	-	1,726	-	15	1,741
Mr. Yeung Yun Chuen	-	1,780	-	15	1,795
Mr. Yeung Yun Kei	-	1,210	-	15	1,225
Mr. Leung Siu Sun	-	1,090	-	15	1,105
	-	5,806	-	60	5,866

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2014: Nil).

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil).

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2014: four), details of whose remuneration are set out in the note 8 above. Details of the remuneration for the year of the remaining one (2014: one) non-director highest paid employee are as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Salaries, bonuses and allowances	1,560	750
Equity-settled share option expense	99	–
Retirement benefit scheme contributions	18	15
	1,677	765

The number of non-director highest paid employee whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014
Nil to HK\$1,000,000	–	1
HK\$1,000,001 to HK\$1,500,000	–	–
HK\$1,500,001 to HK\$2,000,000	1	–
	1	1

During the year, share options were granted to a non-director highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 30 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director highest paid employee's remuneration disclosures.

10. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

No provision for corporate income tax has been made for the Company's subsidiaries in Mainland China as no assessable profit was generated in Mainland China during the year.

	2015	2014
	HK\$'000	HK\$'000
Group:		
Current — Hong Kong		
Charge for the year	43,495	40,798
Underprovision in prior years	135	254
Deferred (note 28)	(2,952)	(1,211)
Total tax charge for the year	40,678	39,841

A reconciliation of the tax expense applicable to profit before tax at the Hong Kong statutory rate to the tax expense at the Group's effective tax rate is as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Profit before tax	200,970	219,899
Tax at the statutory tax rate of 16.5% (2014: 16.5%)	33,160	36,283
Difference in tax rates applied for specific province in Mainland China	(252)	—
Adjustment in respect of current tax of previous periods	135	254
Expenses not deductible for tax	4,548	2,202
Tax losses utilised from previous periods	(880)	(276)
Tax losses not recognised	4,519	1,102
Income not subject to tax	(438)	(2)
Temporary differences not recognised	28	—
Others	(142)	278
Tax charge at the Group's effective tax rate	40,678	39,841

Notes to Financial Statements

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11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 March 2015 includes a profit of HK\$84,806,000 (2014: HK\$200,000,000) which has been dealt with in the financial statements of the Company (note 31(b)).

12. DIVIDEND

	Group	
	2015	2014
	HK\$'000	HK\$'000
Proposed final dividend		
— HK5.00 cents (2014: approximately HK\$13,333.33) per ordinary share	65,000	200,000

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

The proposed final dividend of HK\$200,000,000 for the year ended 31 March 2014 was approved by the Company's shareholders on 8 August 2014. Investors becoming shareholders of the Company after the listing of the Company on the Stock Exchange are not entitled to such final dividend.

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

The calculation of the basic earnings per share amounts for the year is based on profit for the year attributable to ordinary equity holders of the Company of HK\$160,292,000 (2014: HK\$167,541,000) and the weighted average number of ordinary shares of 1,098,767,123 (2014: 975,000,000) in issue and issuable during the year, on the assumption that the Reorganisation and capitalisation issue, as further detailed in note 29 below, had been completed on 1 April 2013.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$160,292,000 (2014: HK\$167,541,000), and the weighted average number of ordinary shares of 1,098,767,123 (2014: 975,000,000), as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 14,426,419 (2014: Nil) assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2015	2014
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>160,292</u>	<u>167,541</u>
	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	<u>1,098,767,123</u>	975,000,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u>14,426,419</u>	—
	<u>1,113,193,542</u>	<u>975,000,000</u>

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14. PROPERTY, PLANT AND EQUIPMENT GROUP

	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer equipment HK\$'000	Air conditioning HK\$'000	Kitchen equipment HK\$'000	Motor vehicles HK\$'000	Renovation in progress HK\$'000	Total HK\$'000
31 March 2015								
At 31 March 2014 and at 1 April 2014:								
Cost	292,868	112,399	13,007	52,466	30,253	2,978	760	504,731
Accumulated depreciation	(172,047)	(73,621)	(9,087)	(41,500)	(21,991)	(2,158)	-	(320,404)
Net carrying amount	120,821	38,778	3,920	10,966	8,262	820	760	184,327
At 1 April 2014, net of accumulated depreciation	120,821	38,778	3,920	10,966	8,262	820	760	184,327
Additions	79,784	10,157	8,666	11,920	9,857	339	-	120,723
Disposals	-	-	-	-	-	(33)	-	(33)
Write-off	(2,597)	(114)	(42)	(25)	-	-	-	(2,778)
Depreciation provided during the year	(49,254)	(11,274)	(3,134)	(8,335)	(6,083)	(460)	-	(78,540)
Transfer	760	-	-	-	-	-	(760)	-
Exchange realignment	69	53	1	8	14	-	-	145
At 31 March 2015, net of accumulated depreciation	149,583	37,600	9,411	14,534	12,050	666	-	223,844
At 31 March 2015:								
Cost	361,936	120,306	21,529	62,923	40,125	3,209	-	610,028
Accumulated depreciation	(212,353)	(82,706)	(12,118)	(48,389)	(28,075)	(2,543)	-	(386,184)
Net carrying amount	149,583	37,600	9,411	14,534	12,050	666	-	223,844

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP (Continued)

	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer equipment HK\$'000	Air conditioning HK\$'000	Kitchen equipment HK\$'000	Motor vehicles HK\$'000	Renovation in progress HK\$'000	Total HK\$'000
31 March 2014								
At 1 April 2013:								
Cost	254,545	100,298	10,797	49,873	27,795	2,628	–	445,936
Accumulated depreciation	(154,422)	(61,849)	(6,915)	(36,153)	(16,960)	(1,775)	–	(278,074)
Net carrying amount	100,123	38,449	3,882	13,720	10,835	853	–	167,862
At 1 April 2013, net of								
accumulated depreciation	100,123	38,449	3,882	13,720	10,835	853	–	167,862
Additions	56,880	12,713	2,295	2,316	2,802	–	760	77,766
Acquisition of subsidiaries (note 32)	5,077	730	56	277	13	350	–	6,503
Disposal of a subsidiary (note 33)	(561)	(404)	(94)	–	(278)	–	–	(1,337)
Disposals	(1,168)	–	–	–	–	–	–	(1,168)
Depreciation provided during the year	(39,530)	(12,710)	(2,219)	(5,347)	(5,110)	(383)	–	(65,299)
At 31 March 2014, net of accumulated depreciation	120,821	38,778	3,920	10,966	8,262	820	760	184,327
At 31 March 2014:								
Cost	292,868	112,399	13,007	52,466	30,253	2,978	760	504,731
Accumulated depreciation	(172,047)	(73,621)	(9,087)	(41,500)	(21,991)	(2,158)	–	(320,404)
Net carrying amount	120,821	38,778	3,920	10,966	8,262	820	760	184,327

The net carrying amount of the Group's property, plant and equipment held under finance leases included in the total amount of motor vehicles as at 31 March 2015 was HK\$660,000 (2014: HK\$740,000).

Certain fully-depreciated items of property, plant and equipment with an aggregate carrying cost and accumulated depreciation of HK\$15,465,000 (2014: HK\$18,316,000) were written off during the year.

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15. GOODWILL

	Group	
	2015	2014
	HK\$'000	HK\$'000
Cost and carrying amount at beginning of the year	58,707	–
Acquisition of subsidiaries (note 32)	–	58,707
Cost and carrying amount at 31 March	58,707	58,707

IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combination is allocated to the Fulum restaurant operations cash-generating unit at HK\$27,728,000 (2014: HK\$27,728,000) and the Fulum Concept restaurant operations cash-generating unit at HK\$30,979,000 (2014: HK\$30,979,000) for impairment testing.

The recoverable amounts of the cash-generating units have been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a three-year period. Revenue from restaurant operations is estimated based on the business trend in the industry of restaurant operation, historical average check per guest and guest cover, taking into account the store area and locations, market conditions and economic outlook. Cost of inventories sold is estimated based on the rate of increase in revenue and the expected market conditions.

The growth rate used to extrapolate the cash flows beyond the five year (2014: three-year) period is 1.0% (2014: 1.7%). The discount rate used is before tax and reflects specific risks relating to the cash-generating units. The discount rate applied to the cash flow projections is 17% (2014: 20%).

16. INVESTMENT IN A SUBSIDIARY

	Company	
	2015	2014
	HK\$'000	HK\$'000
Unlisted investment, at cost	77,000	77,000

The amounts due from subsidiaries of HK\$302,347,000 (2014: HK\$200,000,000) included in current assets are unsecured, interest-free and have no fixed terms of repayment. These balances are neither past due nor impaired. There was no recent history of default of the subsidiaries.

16. INVESTMENT IN A SUBSIDIARY (Continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration/ and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chung Sing Holdings Limited [^]	BVI	–	100	–	Investment holding
Chung Tao Holdings Limited [^]	BVI	–	–	100	Investment holding
Chung Fu Holdings Limited [^]	BVI	–	–	100	Investment holding
Chung Wong Holdings Limited [^]	BVI	–	–	100	Investment holding
Chung Ling Management & Logistic Holdings Limited [^]	BVI	–	–	100	Investment holding
Fu Tao (China) Holdings Limited [^]	BVI	–	–	100	Investment holding
Chung Chun Enterprises Limited	Hong Kong	HK\$38,000	–	100	Restaurant operation
Sino Rainbow Development Limited	Hong Kong	HK\$100	–	100	Restaurant operation
China Easy Investment Limited	Hong Kong	HK\$100	–	100	Restaurant operation
Sino Major Company Limited	Hong Kong	HK\$100	–	100	Restaurant operation
Sino Scene Development Limited	Hong Kong	HK\$100	–	100	Restaurant operation
Sino Target Investments Limited	Hong Kong	HK\$100	–	100	Restaurant operation
China Vantage Enterprise Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Acezone Enterprises Limited	Hong Kong	HK\$1	–	100	Restaurant operation

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16. INVESTMENT IN A SUBSIDIARY (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Centralink International Development Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Centro (Asia) Limited	Hong Kong	HK\$100	–	100	Restaurant operation
Sino Talent Investment Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Grander Creation Limited	Hong Kong	HK\$2,000,000	–	100	Restaurant operation
Sinobond Investment Development Limited	Hong Kong	HK\$100	–	100	Restaurant operation
Midway Enterprise Limited	Hong Kong	HK\$100	–	100	Restaurant operation
Mid Well Investments Limited	Hong Kong	HK\$1	–	100	Restaurant operation
New Central Hong Kong Development Limited	Hong Kong	HK\$100	–	100	Restaurant operation
Central Green International Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Show Industrial Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Beauty Enterprises Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Central King Development Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Professional Asia Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Miracle Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Start Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Gold China Enterprise Limited	Hong Kong	HK\$100	–	100	Restaurant operation

16. INVESTMENT IN A SUBSIDIARY (Continued)

Name	Place of incorporation/ registration/ and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China Talent Asia Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Sino Well Properties Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Elegant Industrial Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Luck China International Trading Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Excellent International Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Central Method Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Topworld Investment Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Solar Industrial Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Mutual Development Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Extreme Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Enviro Investments Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Enviro Enterprises Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Central Keen Industrial Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Super Rich International Limited	Hong Kong	HK\$3,800	–	100	Restaurant operation
Great Sino International Industrial Limited	Hong Kong	HK\$100	–	100	Restaurant operation
Sinotec H.K. Investments Limited	Hong Kong	HK\$100	–	100	Restaurant operation

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16. INVESTMENT IN A SUBSIDIARY (Continued)

Name	Place of incorporation/ registration/ and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China Weal (HK) Limited	Hong Kong	HK\$100	–	100	Restaurant operation
Sino Favour (Hong Kong) Limited	Hong Kong	HK\$100	–	100	Restaurant operation
Park Sun Property Agency Limited	Hong Kong	HK\$10,000	–	100	Restaurant operation
Middle East Development Limited	Hong Kong	HK\$100	–	100	Restaurant operation
Central Champion Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Central Group (Hong Kong) Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Central Loyal Limited	Hong Kong	HK\$1	–	100	Restaurant operation
New Central Industrial Limited	Hong Kong	HK\$80,000	–	100	Restaurant operation
Sun Profit Hong Kong Development Limited	Hong Kong	HK\$3,000,000	–	100	Restaurant operation
China Kings Development Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Harvest (Hong Kong) Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Forward Development Limited	Hong Kong	HK\$1	–	100	Restaurant operation
China Base Development Limited	Hong Kong	HK\$10,000	–	100	Restaurant operation
China Order Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Central Dynamic International Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Central Crest Limited	Hong Kong	HK\$1	–	100	Restaurant operation

16. INVESTMENT IN A SUBSIDIARY (Continued)

Name	Place of incorporation/ registration/ and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Korean Catering Concepts Limited	Hong Kong	HK\$1	–	100	Restaurant operation
Sino Rank Limited	Hong Kong	HK\$1	–	100	Processing, sale and distribution of food products
Fulum Management Limited	Hong Kong	HK\$100	–	100	Provision of management service
Sino Mountain Trading Limited	Hong Kong	HK\$1	–	100	Trading of kitchen utensils and other operation items
Sino Forest Limited	Hong Kong	HK\$1	–	100	Owner of trademarks
China Flower Hong Kong Limited	Hong Kong	HK\$1	–	100	Investment holding
Sino Win Hong Kong Limited	Hong Kong	HK\$1	–	100	Investment holding
廣州加盈餐飲管理有限公司 ^{^*}	People's Republic of China ("PRC")/Mainland China	HK\$15,000,000	–	100	Restaurant operation

[^] Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

^{*} This company is registered as a wholly-foreign-owned enterprise under PRC law.

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.

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17. INTANGIBLE ASSETS/DEPOSITS PAID IN RELATION TO INTANGIBLE ASSETS

	Group	
	2015	2014
	HK\$'000	HK\$'000
Cost and carrying amount:		
Additions — separately acquired	<u>13,000</u>	—
At 31 March	<u>13,000</u>	—

The intangible assets represent direct costs incurred for the registration of the Group's trademarks. As at 31 March 2015, the Group was in the application process to register certain of the Group's trademarks to the relevant government authorities. The registrations of these trademarks were approved by the relevant government authorities subsequent to the end of the reporting period.

The trademarks are considered by the directors of the Company as having an indefinite useful life because it is expected that the trademarks can be renewed continuously at minimal cost and it will contribute to net cash inflows for the Group in the foreseeable future. The trademarks will not be amortised until their useful life is determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

18. INVENTORIES

	Group	
	2015	2014
	HK\$'000	HK\$'000
Food and beverages	<u>68,719</u>	94,554
Other operating items for restaurant operations	<u>3,579</u>	3,171
	<u>72,298</u>	97,725

19. TRADE RECEIVABLES

	Group	
	2015	2014
	HK\$'000	HK\$'000
Credit card receivables	3,353	3,454
Due from related parties	–	3,930
Others	5,251	963
	8,604	8,347

The Group's trading terms with its customers are mainly on cash and credit card settlement while trading terms with related parties are on credit with a credit period of 45 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group has a certain concentration of credit risk as certain of the Group's trade receivables were due from the Group's largest debtor and the five largest debtors as detailed below.

	Group	
	2015	2014
	%	%
Largest debtor	22	33
Five largest debtors	61	75

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

	Group	
	2015	2014
	HK\$'000	HK\$'000
Within 1 month	4,818	7,933
1 to 3 months	1,398	4
3 to 12 months	1,717	410
Over 12 months	671	–
	8,604	8,347

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19. TRADE RECEIVABLES (Continued)

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

	Group	
	2015 HK\$'000	2014 HK\$'000
Neither past due nor impaired	5,142	7,933
1 to 3 months past due	2,940	4
3 to 12 months past due	35	410
Over 12 months past due	487	–
	8,604	8,347

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

Receivables that were past due but not impaired relate to a few customers that have a good track record with the Group. Based on past experience, the Directors 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.

Particulars of the amounts due from related parties included in trade receivables are as follows:

GROUP

31 March 2015

	31 March 2015 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2014 HK\$'000
	Glory Honor Wealth Creation Limited***	–	503
Faith Sky (Hong Kong) Industrial Limited*	–	58	58
China Famous Enterprises Limited*	–	79	79
Honest Hong Kong Development Limited***	–	272	272
Foo Lum Food Limited***	–	2,727	2,727
China Art Printing Limited***	–	31	31
Yeung Yun Leung^	–	260	260
	–		3,930

19. TRADE RECEIVABLES (Continued)

GROUP (Continued)

31 March 2014

	31 March 2014 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2013 HK\$'000
New Central Industrial Limited**	–	550	550
Glory Honor Wealth Creation Limited***	503	795	795
Faith Sky (Hong Kong) Industrial Limited*	58	398	398
China Famous Enterprises Limited*	79	223	223
Sun Profit Hong Kong Development Limited**	–	212	212
China Base Development Limited**	–	162	162
Honest Hong Kong Development Limited***	272	287	287
China Speed Development Limited*	–	230	230
Foo Lum Food Limited***	2,727	2,727	7
Central Dynamic International Limited**	–	43	43
China Art Printing Limited***	31	31	–
Yeung Yun Leung^	260	260	–
	<u>3,930</u>	<u>2,907</u>	

* These related companies were controlled by Mr. Yeung Wai, a director/beneficial shareholder of the Company, or his family member.

** On 1 March 2014, the Group acquired the entire issued share capital of these related companies from Mr. Yeung Wai and these related companies became indirect subsidiaries of the Company thereafter.

*** As at 31 March 2014, Mr. Yeung Wai, a director/beneficial shareholder of the Company, or his family member were also the directors/beneficial shareholders of these companies. During the year, Mr. Yeung Wai or his family member disposed of the entire equity interests of these companies and these companies became independent third parties thereafter.

^ Mr. Yeung Yun Leung, is a sibling of the Controlling Shareholders.

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20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Prepayments	8,238	5,934	–	–
Deposits	108,635	65,407	–	–
Deposits paid to related companies*	13,333	4,196	–	–
Other receivables	5,954	1,738	1,380	–
	136,160	77,275	1,380	–
Analysed into:				
Non-current portion	86,504	37,059	–	–
Current portion	49,656	40,216	1,380	–
	136,160	77,275	1,380	–

* These related companies were controlled by the Controlling Shareholders and/or their family members.

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

21. BALANCES WITH SHAREHOLDERS AND RELATED PARTIES

GROUP

An analysis of the amounts due from shareholders and related parties is as follows:

	2015 HK\$'000	2014 HK\$'000
Due from shareholders	–	3,729
Due from related parties	–	269,175

21. BALANCES WITH SHAREHOLDERS AND RELATED PARTIES (Continued)

GROUP (Continued)

None of the amounts due from shareholders and related parties was neither past due nor impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

Particulars of the amounts due from shareholders as at the end of the reporting period are as follows:

31 March 2015

	31 March 2015 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2014 HK\$'000
Due from shareholders			
Mr. Yeung Wai	–	6,236	3,721
Mr. Yeung Yun Chuen	–	4	4
Mr. Yeung Yun Kei	–	3	3
Mr. Leung Siu Sun	–	1	1
	–		3,729

31 March 2014

	31 March 2014 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2013 HK\$'000
Due from shareholders			
Mr. Yeung Wai	3,721	3,721	–
Mr. Yeung Yun Chuen	4	4	–
Mr. Yeung Yun Kei	3	3	–
Mr. Leung Siu Sun	1	1	–
	3,729		–

Notes to Financial Statements

31 March 2015

21. BALANCES WITH SHAREHOLDERS AND RELATED PARTIES (Continued)

GROUP (Continued)

Particulars of the amounts due from related parties as at the end of the reporting period are as follows:

31 March 2015

	31 March 2015 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2014 HK\$'000
Due from related parties			
Sportful Garden Restaurant Limited*	-	41,965	41,965
Megacity Limited*	-	934	934
Foo Lum Holdings Limited*	-	154,699	154,699
Foo Lum Food Limited***	-	3,320	3,320
Sunny Boulangerie Et Patisserie Limited***	-	929	929
Yeung Yun Leung^	-	3	3
Central Steel Limited*	-	9,000	9,000
Glory Honor Wealth Creation Limited***	-	1,600	1,600
Faith Sky (Hong Kong) Industrial Limited*	-	2,524	2,524
China Famous Enterprises Limited*	-	377	377
China Speed Development Limited*	-	1,207	1,207
Honest Hong Kong Development Limited***	-	1,002	1,002
Spring Luck Hong Kong Limited*	-	3,480	3,480
Central Big Enterprises Limited*	-	420	420
Foo Lum Properties Limited*	-	4,520	4,120
Sino Billion Development Limited*	-	6,622	6,622
China Hall Enterprises Limited*	-	1,200	1,200
China Crown Industrial Limited*	-	1,200	1,200
China Spring Development Limited*	-	17,357	17,357
Golden Dynasty Food & Beverage Group Limited*	-	15,735	15,735
Prime Target Worldwide Holdings Limited*	-	81	81
China Art Printing Limited***	-	1,400	1,400
	-	-	269,175

21. BALANCES WITH SHAREHOLDERS AND RELATED PARTIES (Continued)

GROUP (Continued)

Particulars of the amounts due from related parties as at the end of the reporting period are as follows:

31 March 2014

	31 March 2014 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2013 HK\$'000
Due from related parties			
Sportful Garden Restaurant Limited*	41,965	41,965	23,476
Megacity Limited*	934	934	–
Foo Lum Holdings Limited*	154,699	154,699	62,774
Foo Lum Food Limited***	3,320	3,320	3,284
Sunny Boulangerie Et Patisserie Limited***	929	929	886
Yeung Yun Leung^	3	3	–
Central Steel Limited*	9,000	9,000	9,000
New Central Industrial Limited**	–	18	18
Glory Honor Wealth Creation Limited***	1,600	1,600	11
Faith Sky (Hong Kong) Industrial Limited*	2,524	2,524	10
China Famous Enterprises Limited*	377	377	3
Sun Profit Hong Kong Development Limited**	–	8	8
China Speed Development Limited*	1,207	1,207	–
China Base Development Limited**	–	2	2
Honest Hong Kong Development Limited***	1,002	1,002	4
Spring Luck Hong Kong Limited*	3,480	3,480	6
Central Big Enterprises Limited*	420	420	60
Foo Lum Properties Limited*	4,120	4,120	4,120
Central Dynamic International Limited**	–	4	4
Sino Billion Development Limited*	6,622	6,622	1,462
China Hall Enterprises Limited*	1,200	1,200	–
China Crown Industrial Limited*	1,200	1,200	–
China Spring Development Limited*	17,357	17,357	–
Golden Dynasty Food & Beverage Group Limited*	15,735	15,735	–
Prime Target Worldwide Holdings Limited*	81	81	–
China Art Printing Limited***	1,400	1,400	–
	<u>269,175</u>	<u>269,175</u>	<u>105,128</u>

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21. BALANCES WITH SHAREHOLDERS AND RELATED PARTIES (Continued)

GROUP (Continued)

An analysis of the amount due to a shareholder and related parties is as follows:

	2015 HK\$'000	2014 HK\$'000
Due to a shareholder	–	400
Due to related parties*	935	245,467

* These related companies were controlled by the Controlling Shareholders and/or their family members.

** On 1 March 2014, the Group acquired the entire issued share capital of these related companies from Mr. Yeung Wai and these related companies became indirect subsidiaries of the Company thereafter.

*** As at 31 March 2014, Mr. Yeung Wai, a director/beneficial shareholder of the Company, or his family member were also the directors/beneficial shareholders of these companies. During the year, Mr. Yeung Wai or his family member disposed of the entire equity interests of these companies and these companies became independent third parties thereafter.

^ Mr. Yeung Yun Leung, is a sibling of the Controlling Shareholders.

Except for an amount due to a related party of HK\$30,893,000 as at 31 March 2014, which was interest-bearing at 5.3% per annum and repayable within one year, the above balances with a shareholder and related parties are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment.

COMPANY

Particulars of the amounts due from shareholders are as follows:

31 March 2015

	31 March 2015 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2014 HK\$'000
Due from shareholders			
Mr. Yeung Wai	–	6	6
Mr. Yeung Yun Chuen	–	4	4
Mr. Yeung Yun Kei	–	3	3
Mr. Leung Siu Sun	–	1	1
	–		14

21. BALANCES WITH SHAREHOLDERS AND RELATED PARTIES (Continued)

COMPANY (Continued)

31 March 2014

	31 March 2014 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2013 HK\$'000
Due from shareholders			
Mr. Yeung Wai	6	6	–
Mr. Yeung Yun Chuen	4	4	–
Mr. Yeung Yun Kei	3	3	–
Mr. Leung Siu Sun	1	1	–
	<u>14</u>	<u>14</u>	<u>–</u>

The amounts due from shareholders are unsecured, interest-free and have no fixed terms of repayment.

22. CASH AND CASH EQUIVALENTS AND A PLEDGED TIME DEPOSIT

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Cash and bank balances	405,499	253,946	1,448	–
Time deposits	301,728	2,349	299,372	–
	707,227	256,295	300,820	–
Less: Time deposit pledged for a bank guarantee for a rental deposit	(2,356)	(2,349)	–	–
	704,871	253,946	300,820	–

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to HK\$205,872,000 (2014:Nil). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

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23. TRADE PAYABLES

	Group	
	2015	2014
	HK\$'000	HK\$'000
Third party suppliers	78,286	55,767
Due to related companies*	–	9,102
	78,286	64,869

* These related companies were controlled by Mr. Yeung Wai, a director/beneficial shareholder of the Company.

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

	Group	
	2015	2014
	HK\$'000	HK\$'000
Within 1 month	55,250	52,999
1 to 3 months	21,901	11,870
3 to 12 months	351	–
Over 12 months	784	–
	78,286	64,869

The trade payables are non-interest-bearing and generally have payment terms of 45 to 90 days.

24. OTHER PAYABLES, ACCRUALS AND DEFERRED INCOME

	Group	
	2015 HK\$'000	2014 HK\$'000
Other payables	34,605	12,149
Accruals	108,145	98,980
Deferred income	10,991	11,585
	153,741	122,714
Analysed into:		
Non-current liabilities	19,764	14,775
Current liabilities	133,977	107,939
	153,741	122,714

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

25. INTEREST-BEARING BANK BORROWINGS
GROUP

	2015			2014		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current — unsecured						
Bank overdrafts	BLR-1%*	On demand	777	—	—	—
Bank loan	1-month HIBOR+2%[^]	2016	50,000	—	—	—
			50,777			—

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25. INTEREST-BEARING BANK BORROWINGS (Continued) COMPANY

	2015			2014		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current — unsecured Bank loan	1-month HIBOR+2%[^]	2016	50,000	—	—	—

* BLR denotes best lending rate announced by Hang Seng Bank Limited.

[^] HIBOR denotes Hong Kong Interbank Offered Rate.

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Analysed into:				
Bank loan and overdrafts repayable within one year or on demand	50,777	—	50,000	—

Note:

All borrowings are in Hong Kong dollars.

26. FINANCE LEASE PAYABLES

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

At the end of the reporting period, the Group's total future minimum lease payments under finance leases and their present values were as follows:

GROUP

	Minimum lease payments		Present value of minimum lease payments	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Amounts payable:				
Within one year	381	341	326	287
In the second year	342	287	308	251
In the third to fifth years, inclusive	388	463	371	436
Total minimum finance lease payments	1,111	1,091	1,005	974
Future finance charges	(106)	(117)		
Total net finance lease payables	1,005	974		
Portion classified as current liabilities	(326)	(287)		
Non-current portion	679	687		

27. PROVISION

	Group	
	2015 HK\$'000	2014 HK\$'000
At beginning of the year	22,541	19,773
Acquisition of subsidiaries (note 32)	–	1,259
Additional provision	5,266	1,509
Amounts utilised during the year	(318)	–
At 31 March	27,489	22,541

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27. PROVISION (Continued)

	2015 HK\$'000	2014 HK\$'000
Analysed into:		
Non-current portion	21,603	21,016
Current portion	5,886	1,525
	27,489	22,541

The provision represents management's best estimate of the Group's liabilities of the costs of dismantling and removing the leasehold improvements and restoring the sites on which they are located.

28. DEFERRED TAX

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

GROUP

Deferred tax assets

	Depreciation in excess of related depreciation allowance HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Total HK\$'000
At 1 April 2013	12,142	3,034	–	15,176
Acquisition of subsidiaries	989	95	102	1,186
Disposal of a subsidiary	–	(55)	–	(55)
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	232	(342)	–	(110)
At 31 March 2014 and 1 April 2014	13,363	2,732	102	16,197
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	2,154	604	(71)	2,687
At 31 March 2015	15,517	3,336	31	18,884

28. DEFERRED TAX (Continued)**GROUP** (Continued)

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK\$'000	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Total HK\$'000
At 1 April 2013	3,698	–	3,698
Acquisition of subsidiaries	17	323	340
Disposal of a subsidiary	(55)	–	(55)
Deferred tax credited to the statement of profit or loss during the year (note 10)	(1,321)	–	(1,321)
At 31 March 2014 and 1 April 2014	2,339	323	2,662
Deferred tax credited to the statement of profit or loss during the year (note 10)	(141)	(124)	(265)
At 31 March 2015	2,198	199	2,397

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2015 HK\$'000	2014 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	17,770	14,826
Net deferred tax liabilities recognised in the consolidated statement of financial position	(1,283)	(1,291)
	16,487	13,535

At 31 March 2015, the Group had tax losses arising in Hong Kong of HK\$56,678,000 (2014: HK\$33,931,000), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also had estimated tax losses arising in Mainland China of HK\$2,970,000 (2014: Nil) that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

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28. DEFERRED TAX (Continued)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Tax losses	6,506	2,867
Deductible temporary differences	28	–
	6,534	2,867

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprise established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 March 2015, no deferred tax was recognised for such withholding taxes as the Group's subsidiaries established in Mainland China were loss-making.

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

29. ISSUED CAPITAL SHARES

	Company	
	2015	2014
	HK\$'000	HK\$'000
Authorised: 2,000,000,000 (2014: 100,000) shares of HK\$0.001 (2014: HK\$1) each	2,000	100
Issued and fully paid: 1,300,000,000 (2014: 15,000) shares of HK\$0.001 (2014: HK\$1) each	1,300	15

29. ISSUED CAPITAL (Continued)**SHARES** (Continued)

The movements in the Company's authorised and issued share capital during the period from 24 February 2014 (date of incorporation) to 31 March 2015 are as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares HK\$
Authorised:			
100,000 ordinary shares of HK\$1 each on 24 February 2014 (date of incorporation) and at 31 March 2014 and 1 April 2014	(a)	100,000	100,000
Sub-division of all the ordinary shares of HK\$1 each into ordinary shares of HK\$0.001 each on 28 October 2014	(e)	99,900,000	–
Increase of 1,900,000,000 ordinary shares of HK\$0.001 each on 28 October 2014	(f)	<u>1,900,000,000</u>	<u>1,900,000</u>
At 31 March 2015		<u>2,000,000,000</u>	<u>2,000,000</u>
Issued and fully paid:			
Issuance of 13,500 ordinary shares of HK\$1 each on 24 February 2014 (date of incorporation)	(b),(c)	13,500	13,500
Issuance of 1,500 ordinary shares of HK\$1 each on 1 March 2014	(d)	<u>1,500</u>	<u>1,500</u>
At 31 March 2014 and 1 April 2014		15,000	15,000
Sub-division of all the issued ordinary shares of HK\$1 each into ordinary shares of HK\$0.001 each on 28 October 2014	(e)	14,985,000	–
Capitalisation issue of 960,000,000 ordinary shares of HK\$0.001 each on 28 October 2014	(g)	960,000,000	960,000
Issuance of 325,000,000 ordinary shares of HK\$0.001 each on 13 November 2014	(h)	<u>325,000,000</u>	<u>325,000</u>
At 31 March 2015		<u>1,300,000,000</u>	<u>1,300,000</u>

Notes:

- (a) The Company is a limited liability company incorporated in the Cayman Islands on 24 February 2014 with authorised share capital of HK\$100,000 divided into 100,000 shares of HK\$1 each.
- (b) Pursuant to an ordinary resolution passed on 24 February 2014, 1 ordinary share of HK\$1 was allotted, issued and credited as fully paid to the Company's initial subscriber, and was subsequently transferred to Mr. Yeung Wai.
- (c) Pursuant to an ordinary resolution passed on 24 February 2014, a total of 13,499 ordinary shares of HK\$1 each were issued at par to Mr. Yeung Wai, Mr. Yeung Yun Chuen, Mr. Yeung Yun Kei and Mr. Leung Siu Sun.
- (d) Pursuant to an ordinary resolution passed on 1 March 2014, a total of 1,500 ordinary shares of HK\$1 each were issued at par for acquisition of certain subsidiaries of the Group, further details of which are set out in note 32 to the financial statements.

Notes to Financial Statements

31 March 2015

29. ISSUED CAPITAL (Continued)

SHARES (Continued)

Notes: (Continued)

- (e) Pursuant to an ordinary resolution passed on 28 October 2014, each issued and unissued ordinary share of HK\$1 of the Company was sub-divided into 1,000 ordinary shares of HK\$0.001 each.
- (f) Pursuant to an ordinary resolution passed on 28 October 2014, the authorised share capital of the Company was increased from HK\$100,000 to HK\$2,000,000 by the creation of 1,900,000,000 additional ordinary shares of HK\$0.001 each, ranking pari passu in all respects with the existing shares of the Company.
- (g) Pursuant to an ordinary resolution passed on 28 October 2014, 960,000,000 ordinary shares of HK\$0.001 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the holders of shares whose names appeared on the register of members of the Company at the close of business on 28 October 2014 in proportion to their respective shareholdings. This allotment and capitalisation issue were conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in note (h) below.
- (h) In connection with the Company's initial public offering, 325,000,000 ordinary shares of HK\$0.001 each were issued at a price of HK\$1.55 per Share for a total cash consideration before expenses, of approximately HK\$503,750,000. Dealing in the Shares of the Company on the Stock Exchange commenced on 13 November 2014.

SHARE OPTIONS

Details of the Company's share option schemes and the share options issued under the schemes are included in note 30 to the financial statements.

30. SHARE OPTION SCHEMES

The Company operates a pre-initial public offering share option scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Share Option Scheme") (collectively, the "Schemes") for the purpose of motivating eligible participants to optimise their future contributions to the Group and to reward them for the past contributions and to attract and retain or otherwise maintain ongoing relationships with such eligible participants whose contributions are or will be beneficial to the performance, growth or success of the Group. The principal terms of the Pre-IPO Share Option Scheme are similar to the terms of the Share Option Scheme except that (i) no further options could be granted under the Pre-IPO Share Option Scheme upon the Listing of the Company; and (ii) the exercise price of the share options and the vesting period are different as further detailed below.

Eligible participants of the Schemes include the Company's directors, including independent non-executive directors, other employees of the Group and any consultants, business or joint venture partners, franchisees, contractors, agents, representatives or service providers of any member of the Group. The Pre-IPO Share Option Scheme and the Share Option Scheme became effective on 28 October 2014 and 13 November 2014, respectively, and, unless otherwise cancelled or amended, will remain in force for 5 years and 10 years, respectively, from respective effective dates.

The maximum number of shares in respect of which options may be granted under the Schemes and any other schemes by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Listing Date unless shareholders' approval has been obtained.

The maximum number of shares issuable under the share options to each eligible participant in the Schemes within any 12-month period is limited to 1% of the Shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in advance in a general meeting.

30. SHARE OPTION SCHEMES *(Continued)*

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associate, in excess of 0.1% of the Shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's Shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

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

The exercise price of the share options under the Pre-IPO Share Option Scheme is 60% of the final offer price of the Shares issued in connection with the Company's international placing and initial public offering (i.e., HK\$0.93 per Share) and the share options are exercisable after a vesting period of two to four years in the following manner:

Vesting period of the relevant percentage of the options	Maximum percentage of options exercisable
From the Listing Date to the day immediately preceding the second anniversary of the Listing Date (both days inclusive)	33
From the Listing Date to the day immediately preceding the third anniversary of the Listing Date (both days inclusive)	33
From the Listing Date to the day immediately preceding the fourth anniversary of the Listing Date (both days inclusive)	34

The exercise price of share options under the Share Option Scheme is determinable by the directors, but may not less than the higher of (i) the nominal value of a Share on the date of offer of the share options; (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the share options; and (iii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the share options.

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

Notes to Financial Statements

31 March 2015

30. SHARE OPTION SCHEMES (Continued)

The following share options granted under the Pre-IPO Share Option Scheme were outstanding during the year:

	2015
	Weighted average exercise price HK\$ per share
	Number of options '000
At beginning of year	–
Granted during the year	0.93
Forfeited during the year	0.93
	54,000
	(1,950)
	52,050
At 31 March	52,050

The exercise prices and exercise periods of the share options outstanding under the Pre-IPO Share Option Scheme as at the end of the reporting period are as follows:

2015

Number of options '000	Exercise price* HK\$ per share	Exercise period
17,176	0.93	13 November 2016 to 12 November 2019
17,177	0.93	13 November 2017 to 12 November 2019
17,697	0.93	13 November 2018 to 12 November 2019
52,050		

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

The fair value of the share options granted during the year was HK\$34,894,000 (approximately HK\$0.6 each), of which the Group recognised a share option expense of HK\$5,301,000 during the year.

30. SHARE OPTION SCHEMES *(Continued)*

The fair value of the equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2015
Dividend yield (%)	3.31
Expected volatility (%)	36.26
Risk-free interest rate (%)	1.20
Suboptimal exercise factor (times)	2.86–3.34
Weighted average share price (HK\$ per share)	0.93

The suboptimal exercise factor is based on the directors' estimation and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 52,050,000 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 4.0% of the Company's Shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 52,050,000 additional ordinary shares of the Company and additional share capital of HK\$52,000 and share premium of HK\$48,354,000 (before share issue expenses).

No share options were granted under the Share Option Scheme during the year.

At the date of approval of these financial statements, the Company had 51,200,000 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 3.9% of the Company's shares in issue as at that date.

Notes to Financial Statements

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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 statements of changes in equity on page 53 of the financial statements.

(i) Merger reserve

The merger reserve represents reserves arising from the Reorganisation.

(ii) Other reserve

Other reserve represents (i) the gain on deemed disposal of an interest in a subsidiary amounting to approximately HK\$8,000; and (ii) the difference between the acquisition of additional equity interests from the then non-controlling shareholders and the consideration paid.

(iii) Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.5 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

(b) COMPANY

	Notes	Share premium account HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Issues of shares		76,999	–	–	76,999
Profit and total comprehensive income for the period		–	–	200,000	200,000
Proposed final 2014 dividend	12	–	–	(200,000)	(200,000)
At 31 March 2014 and 1 April 2014		76,999	–	–	76,999
Profit and total comprehensive income for the year		–	–	84,806	84,806
Capitalisation issue of Shares upon the Listing	29(g)	(960)	–	–	(960)
Issue of Shares upon the Listing	29(h)	503,425	–	–	503,425
Share issue expenses		(39,324)	–	–	(39,324)
Equity-settled share option arrangement	30	–	5,301	–	5,301
Transfer of share option reserve upon the forfeiture of share options		–	(135)	135	–
Proposed final 2015 dividend	12	–	–	(65,000)	(65,000)
At 31 March 2015		540,140	5,166	19,941	565,247

32. BUSINESS COMBINATION

On 1 March 2014, the Group acquired the entire issued capital of Central Dynamic International Limited, China Base Development Limited, China Forward Development Limited, China Harvest (Hong Kong) Limited, New Central Industrial Limited and Sun Profit Hong Kong Development Limited (collectively, the "Acquired Companies") from Mr. Yeung Wai, a director of the Company. The Acquired Companies are engaged in restaurant operations in Hong Kong. The purchase consideration for the acquisition was satisfied by 1,500 new shares of the Company (the "New Shares") to Mr. Yeung Wai.

The fair values of the identifiable assets and liabilities of the Acquired Companies as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	14	6,503
Deferred tax assets		1,169
Inventories		311
Trade receivables		215
Prepayments, deposits and other receivables		4,913
Due from related parties		25,298
Cash and bank balances		8,986
Trade payables		(5,253)
Other payables, accruals and deferred income		(6,673)
Finance lease payables		(421)
Due to related parties		(12,925)
Tax payable		(2,248)
Deferred tax liabilities		(323)
Provision	27	(1,259)
Total identifiable net assets at fair value		18,293
Goodwill on acquisition	15	58,707
Satisfied by the New Shares		77,000

The fair value of the New Shares is measured by reference to the acquisition-date fair value of the equity interests in the Acquired Companies determined based on a valuation performed by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, using the discounted cash flow method.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK\$215,000 and HK\$6,000, respectively. The gross contractual amounts of trade receivables and other receivables were HK\$215,000 and HK\$6,000, respectively.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Notes to Financial Statements

31 March 2015

32. BUSINESS COMBINATION (Continued)

An analysis of the cash flows in respect of the acquisition of the Acquired Companies is as follows:

	HK\$'000
Cash and bank balances and inflow of cash and cash equivalents included in cash flows from investing activities	8,986

Since the acquisition, the Acquired Companies contributed HK\$10,776,000 to the Group's revenue and HK\$1,139,000 to the consolidated profit for the year ended 31 March 2014.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 March 2014 would have been HK\$2,331,210,000 and HK\$189,357,000, respectively.

33. DISPOSAL OF A SUBSIDIARY

On 15 March 2014, the Group disposed of its entire equity interest in Sino Industrial Investment Limited to an independent third party for a consideration of HK\$1.

	2014 HK\$'000
Net liabilities disposed of:	
Property, plant and equipment (note 14)	1,337
Trade receivables	15
Prepayments, deposits and other receivables	1,924
Due from related parties	4,954
Cash and bank balances	759
Trade payables	(709)
Other payables and accruals	(4,455)
Due to a shareholder	(2,000)
Due to related parties	(2,793)
Non-controlling interest	68
	(900)
Gain on disposal of a subsidiary (note 5)	900
	—
Satisfied by:	
Cash	—

33. DISPOSAL OF A SUBSIDIARY *(Continued)*

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2014 HK\$'000
Cash consideration	–
Cash and bank balances disposed of	759
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	759

34. ACQUISITION OF ADDITIONAL INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

- (a) On 13 November 2013 and 7 February 2014, the Group acquired 0.2% and 0.1% of 37 subsidiaries from certain non-controlling shareholders at total considerations of HK\$4,000,000 and HK\$300,000, respectively. The Group recognised a decrease in non-controlling interests of HK\$350,000 and a decrease in equity attributable to owners of the Company of HK\$3,950,000.
- (b) On 13 November 2013, the Group acquired 0.2% of 11 subsidiaries from a non-controlling shareholder at a consideration of HK\$1,500,000. The Group recognised a decrease in non-controlling interests of HK\$70,000 and a decrease in equity attributable to owners of the Company of HK\$1,430,000.

35. MAJOR NON-CASH TRANSACTIONS

During the year, the Group had the following major non-cash transactions:

- (a) During the year ended 31 March 2014, the Group acquired certain non-controlling interests at a total cash consideration of HK\$5,800,000 which was settled by a related party, a company which is controlled by Controlling Shareholders.
- (b) During the year ended 31 March 2014, the Company issued shares to various shareholders at a total cash consideration of HK\$13,500 which was settled through the current accounts with the shareholders.
- (c) During the year ended 31 March 2014, the Group acquired equity interests in 51 subsidiaries as part of the Reorganisation at a total cash consideration of HK\$5,000 which was settled through the current accounts with related companies, companies which are controlled by the Controlling Shareholders.
- (d) During the year, the Group entered into rental agreements in respect of certain of its restaurant properties under operating leases. Pursuant to the terms and conditions of the rental agreements, the Group is required to restore the restaurant properties to the conditions as stipulated in the rental agreements. Accordingly, the Group has accrued and capitalised the estimated restoration costs of HK\$5,266,000 (2014: HK\$1,509,000) when such obligations arose.
- (e) During the year, the Group entered into sponsorship agreements with certain utility companies. Pursuant to the terms and conditions of the sponsorship agreements, the Group received certain items of property, plant and equipment with a total value of HK\$3,178,000 (2014: HK\$2,737,000) at nil consideration. The Group has capitalised these items of property, plant and equipment with corresponding entries to a deferred income account on receipt of such items.
- (f) During the year, the Group entered into a finance lease arrangement in respect of a motor vehicle with a total capital value at the inception of the lease of HK\$330,000 (2014: Nil).

Notes to Financial Statements

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36. CONTINGENT LIABILITIES

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

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Bank guarantees given in lieu of rental and utility deposits	43,434	34,212	-	-
Guarantees given to banks in connection with facilities granted to related companies*	-	260,797	-	-
	43,434	295,009	-	-

* These entities are controlled by the Controlling Shareholders.

As at 31 March 2014, the guarantees given to banks in connection with facilities granted to related companies were utilised to the extent of HK\$210,797,000. All guarantees provided by the Group to the banks in connection with facilities to related companies had been fully released upon the Listing.

37. PLEDGE OF ASSETS

Details of the Group's bank guarantee for a rental deposit, which is secured by the assets of the Group, are included in note 22 to the financial statements.

38. OPERATING LEASE ARRANGEMENTS

AS LESSEE

The Group leases certain of its restaurants, office premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to 12 years.

At 31 March 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 HK\$'000	2014 HK\$'000
Within one year	336,404	192,728
In the second to fifth years, inclusive	497,409	256,580
Beyond five years	31,187	3,806
	865,000	453,114

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

39. COMMITMENTS

In addition to the operating lease commitments disclosed in note 38 above, the Group had the following capital commitments at the end of the reporting period:

	2015	2014
	HK\$'000	HK\$'000
Contracted, but not provided for: Property, plant and equipment	28,602	264

40. RELATED PARTY TRANSACTIONS

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

	2015	2014
	HK\$'000	HK\$'000
Sale of food to: related companies*	25	29,392
a related party^	-	2,243
	25	31,635
Sale of other operating items to: related companies*	7	781
Purchase of food from: related companies*	33,873	107,329
Rental fee paid to: related companies*	76,869	57,112
Disposal of items of property, plant and equipment to: a related company*	-	600

* These related companies were controlled by the Controlling Shareholders and/or their family members.

^ A related party, Mr. Yeung Yun Leung, is a sibling of the Controlling Shareholders.

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

Notes to Financial Statements

31 March 2015

40. RELATED PARTY TRANSACTIONS (Continued)

- (b) Other transactions with related parties:
- (i) As at 31 March 2014, Mr. Yeung Wai, a director of the Company, provided personal guarantees of HK\$34,212,000, in respect of the Group's bank guarantee given in lieu of rental and utility deposits. Such personnel guarantees had been fully released upon the Listing.
 - (ii) As at 31 March 2014, certain subsidiaries of the Group provided guarantees of HK\$260,797,000 in respect of facilities granted to companies controlled by the Controlling Shareholders. Such guarantees had been fully released upon the Listing.
- (c) Compensation of key management personnel of the Group, including directors' remuneration as disclosed in note 8 to the financial statements, is as follows:

	2015	2014
	HK\$'000	HK\$'000
Short term employee benefits	7,701	7,731
Post-employment benefits	123	96
Equity-settled share option expense	2,794	–
	10,618	7,827

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

GROUP**Financial assets**

	2015	2014
	HK\$'000	HK\$'000
Loans and receivables:		
Trade receivables	8,604	8,347
Financial assets included in prepayments, deposits and other receivables	127,922	71,341
Due from related parties	–	269,175
Due from shareholders	–	3,729
Pledged time deposit	2,356	2,349
Cash and cash equivalents	704,871	253,946
	843,753	608,887

Financial liabilities

	2015	2014
	HK\$'000	HK\$'000
Financial liabilities at amortised cost:		
Trade payables	78,286	64,869
Financial liabilities included in other payables, accruals and deferred income	51,458	33,330
Interest-bearing bank borrowings	50,777	–
Finance lease payables	1,005	974
Due to related parties	935	245,467
Due to a shareholder	–	400
	182,461	345,040

Notes to Financial Statements

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41. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

COMPANY

Financial assets

	2015 HK\$'000	2014 HK\$'000
Loans and receivables:		
Other receivables	1,380	–
Due from subsidiaries	302,347	200,000
Due from shareholders	–	14
Cash and cash equivalents	300,820	–
	604,547	200,014

Financial liabilities

	2015 HK\$'000	2014 HK\$'000
Financial liabilities at amortised cost:		
Interest-bearing bank borrowing	50,000	–

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Financial assets				
Deposits, non-current portion	86,504	37,059	81,041	35,588
Financial liabilities				
Finance lease payables	1,005	974	1,111	1,091

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Management has assessed that the fair values of cash and cash equivalents, a pledged time deposit, trade receivables, trade payables, the current portion of financial assets included in prepayments, deposits and other receivables, the current portion of financial liabilities included in other payables, accruals and deferred income, unsecured interest-bearing bank borrowings, the current portion of amounts due from/to related parties, and amounts due from/to shareholders approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the non-current portion of deposits, amounts due from related parties, amounts due to related parties and finance lease payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for finance lease payables as at 31 March 2015 and 2014 was assessed to be insignificant.

FAIR VALUE HIERARCHY

At the end of the reporting period, neither the Group nor the Company had any financial assets or financial liabilities measured at fair value.

At the end of the reporting period, all financial assets and financial liabilities for which fair values are disclosed are categorised within Level 3 of the fair value hierarchy.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, trade payables, other payables and accruals and balances with shareholders and related parties.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

CREDIT RISK

Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Details in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements. The credit risk of the Group's other financial assets, which comprise a pledged time deposit and cash and cash equivalents, deposits and other receivables and amounts due from shareholders and related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Notes to Financial Statements

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

LIQUIDITY RISK

In order to manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

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

Group

	2015			
	On demand/ no fixed terms of repayment HK\$'000	Less than 1 year HK\$'000	1 to 5 years HK\$'000	Total HK\$'000
Trade payables	–	78,286	–	78,286
Financial liabilities included in other payables, accruals and deferred income	–	51,458	–	51,458
Finance lease payables	–	381	730	1,111
Due to related parties	935	–	–	935
Interest-bearing bank borrowings	777	50,466	–	51,243
	1,712	180,591	730	183,033

	2014			
	On demand/ no fixed terms of repayment HK\$'000	Less than 1 year HK\$'000	1 to 5 years HK\$'000	Total HK\$'000
Trade payables	–	64,869	–	64,869
Financial liabilities included in other payables, accruals and deferred income	–	33,330	–	33,330
Finance lease payables	–	341	750	1,091
Due to related parties	–	246,224	–	246,224
Due to a shareholder	400	–	–	400
Guarantees given to banks in connection with facilities granted to related companies	210,797	–	–	210,797
	211,197	344,764	750	556,711

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**LIQUIDITY RISK** (Continued)

Company

	Less than 1 year or on demand	
	2015 HK\$'000	2014 HK\$'000
Financial liabilities at amortised cost:		
Interest-bearing bank borrowing	50,466	–

CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2015 and 2014.

The Group monitors capital using a gearing ratio, which is interest-bearing debt divided by capital. Debt includes, interest-bearing bank borrowings, finance lease payables and interest-bearing payable to a related party. Capital represents equity attributable to owners of the Company. The gearing ratios as at the end of the reporting period were as follows:

	2015 HK\$'000	2014 HK\$'000
Interest-bearing bank borrowings	50,777	–
Finance lease payables	1,005	974
Due to a related party	–	30,893
	51,782	31,867
Equity attributable to owners of the Company	913,728	483,721
Gearing ratio	5.7%	6.6%

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 June 2015.

Four-Year Financial Summary

A summary of the results, and of the assets, liabilities and non-controlling interests of the Group for the last four financial years, as extracted from the published audited financial statements or published prospectus of the Company is set out below.

	Year ended 31 March			
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
RESULTS				
REVENUE	2,528,689	2,226,189	1,885,040	1,723,933
Cost of inventories sold	(734,398)	(639,343)	(571,637)	(634,358)
Gross profit	1,794,291	1,586,846	1,313,403	1,089,575
Other income and gains, net	17,033	7,376	4,279	4,863
Staff costs	(772,644)	(685,567)	(560,321)	(498,194)
Property rentals and related expenses	(372,274)	(301,513)	(236,866)	(203,563)
Depreciation	(78,540)	(65,299)	(50,023)	(42,568)
Fuel and utility expenses	(170,314)	(155,627)	(128,414)	(113,599)
Other expenses	(215,646)	(165,525)	(146,587)	(111,405)
Finance costs	(936)	(792)	(265)	(62)
PROFIT BEFORE TAX	200,970	219,899	195,206	125,047
Income tax expense	(40,678)	(39,841)	(34,680)	(20,930)
PROFIT FOR THE YEAR	160,292	180,058	160,526	104,117
Attributable to:				
Owners of the Company	160,292	167,541	148,802	96,602
Non-controlling interests	–	12,517	11,724	7,515
	160,292	180,058	160,526	104,117

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March			
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
TOTAL ASSETS	1,248,645	973,865	701,078	518,239
TOTAL LIABILITIES	(334,917)	(490,144)	(468,692)	(446,379)
NON-CONTROLLING INTERESTS	–	–	(16,859)	(5,135)
TOTAL EQUITY	913,728	483,721	232,386	71,860



Fulum Group Holdings Limited
富臨集團控股有限公司

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正(東)胡同燒豬
BJ-ROASTER

正(東)燒豬料理
The Orient Barbecue Cuisine

富臨漁港
Fulum Fisherman's
Wharf Restaurant

