翠華集團®
TSUI WAH GROUP

Tsui Wah Holdings Limited
翠華控股有限公司

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

Stock Code 股份代號：1314

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從新出發

2019

Annual Report 年報

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This Annual Report is printed on environmentally friendly paper

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lee Yuen Hong *(Chairman)*
Mr. Lee Tsz Kin Kenji
(appointed as Group Chief Executive Officer with effect from 1 June 2019)
Ms. Lee Sin Ying (appointed with effect from 1 June 2019)

Non-Executive Directors

Mr. Cheng Chung Fan
Mr. Wong Chi Kin
Mr. Yang Dong John (appointed on 1 April 2019)

Independent Non-Executive Directors

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

AUTHORISED REPRESENTATIVES

Mr. Lee Yuen Hong
Sir Kwok Siu Man KR

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

COMPANY SECRETARY

Sir Kwok Siu Man KR

Milk Tea

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

CORPORATE INFORMATION

LEGAL ADVISERS

As to Hong Kong Laws
Howse Williams
27/F, Alexandra House
18 Chater Road
Central
Hong Kong

INDEPENDENT AUDITORS

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

STOCK CODE

1314

BOARD LOT

2,000 shares

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
(with effect from 11 July 2019,
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong)

PRINCIPAL BANKERS

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

COMPANY'S WEBSITE ADDRESS

www.tsuiwah.com

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

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

CHAIRMAN'S STATEMENT

Mr. Lee Yuen Hong
Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**", each a "**Director**") of Tsui Wah Holdings Limited (the "**Company**"), together with its subsidiaries, the "**Group**" or "**Tsui Wah**"), I hereby present the annual results of the Group for the year ended 31 March 2019 (the "**Year**").

Over the past year, the retail market in Hong Kong was filled with uncertainties. The depreciation of the Renminbi and the weakening of the desire for consumption brought by the Sino-US trade war, coupled with the fierce market competition and the increase in costs and expenses, have inevitably affected the Group's results for the Year. After careful assessment on current market conditions and the global economic landscape, the Group has assertively adjusted its development strategies with the view of striking a balance between business growth and profitability by way of shifting the Group's focus from business recovery to business growth. Meanwhile, for the purpose of aligning and facilitating the Group's development and operational strategies, the Group's management structure has been rationalized to further strengthen the Group's execution over its control on operations and costs, and a share award scheme has been adopted to reward employees who have contributed to the Group. It is believed that these moves and changes will serve to lay a cornerstone for the sustainable growth of the Group in the future.

Against the backdrop of such a challenging external environment, the Group has been wholeheartedly and unremittingly formulating and implementing its development strategies by forging and nurturing various new brands in Hong Kong during the Year, which have diversified the Group's product portfolio and increased market penetration, and such brands eventually become the powerhouse for growth and profitability in the future. Over the past years, having captured business opportunities eagerly in the Greater Bay Area, the Group has taken the initiative and opened a branch under the brand of "Tsui Wah" in the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port Passenger Clearance Building. During the Year, the Group also expanded the geographic coverage of the brand of "Tsui Wah Eatery" into overseas market and set up its first branch in Singapore in June 2018, which is operated through strategic partnership with JUMBO Group Limited ("**Jumbo**"). As for the market of Mainland China, the Group is now actively reorganizing its branch network in Mainland China to integrate existing restaurants with the view to marking its strategic footprint over various transportation hubs such as airports and railways as a strategy for future growth. As of 31 March 2019, the Group operated 83 restaurants in total, of which 44, 35, three and one were respectively located in Hong Kong, Mainland China, Macau and the Republic of Singapore ("**Singapore**").

In order to offer more convenient services for our customers, the Group has further offered more ordering channels and accordingly, diversified the business of the Group by working together with various online food delivery platforms. During the Year, the Group also continued to actively expand its "Supreme Catering (至尊到會)" business and "Tsui Wah Delivery (快翠送)" service.

It is our honour to receive certain awards and accreditations during the Year, including Qualifications Framework Scheme's "Qualifications Framework (QF) Star Employer" issued by Education Bureau of the Hong Kong Special Administrative Region, "Green Office Awards" label and "Eco-Healthy Workplace" label issued by World Green Organisation, "BOCHK Corporate Environmental Leadership Award 2017" conferred by Federation of Hong Kong Industries and Bank of China (Hong Kong), "U Favourite Marketing Campaign — Tsui Wah 50th Anniversary Classic Dish Series" organized by U Magazine and "Top Service Awards 2018 — Cha Chaan Teng" awarded by Next Media.

CHAIRMAN'S STATEMENT

While we are challenged by current market conditions and the global economic landscape, the Group's management remains optimistic about the future and has developed a series of clear strategies which include the following.

(I) Consolidating the business of the brand "Tsui Wah" and diversifying the business under new brand names

The brand of "Tsui Wah" has always been the Group's core business, and we have endeavored to improve the profitability of our restaurants for the coming days. Management has cautiously reviewed the Group's restaurant network in both Hong Kong and Mainland China. In the future, in order to maximize its operational efficiency, the Group is going to integrate restaurants with overlapping geographic coverage and rationalize the size of its restaurants in Eastern China.

On the other hand, we are going to further diversify and expand the Group's business under new brand names and strive to forge them into the Group's future powerhouse of growth and profit. The new brands have been developing steadily over the Year. The Group will keep identifying desirable sites for timely expansion of our restaurant network.

(II) Leveraging opportunities arising from both the Greater Bay Area and overseas market

The Group is going to expand into the Greater Bay Area, with a focus on marking its footprint in various major transportation hubs to seize business growth opportunities. While the Group will set up new restaurants in Shenzhen and Zhuhai, its restaurant in Singapore is anticipated to perform well given Jumbo is well-established with a wealth of local experience in the country. Therefore, we are preparing for the opening of the second branch in Singapore in the hope of building up a word-of-mouth for the brand of "Tsui Wah" and its products in the area. We shall keep abreast of market opportunities and strike a good balance between business growth and profitability.

(III) Enhancing internal operational efficiency through technological development

The Group also plans to improve its operational efficiency through various means. To start with, a self-service ordering and payment service has been implemented in all of our restaurants in Mainland China, and the Group is planning to launch this service in our other branches in Hong Kong for the purpose of offering a more refined dining experience for our customers and simplifying the order procedures, which will enable our frontline staff to focus more on enhancing our speed and service quality. In addition, we have worked together with various payment gateways such as Alipay and WeChat Pay for the purpose of bringing our customers a better spending and paying experience. We shall continue to strengthen the Group's data management system and enhance the speed of "Tsui Wah Delivery (快翠送)" service and its efficiency of the order process by keeping a close eye on the latest technological development and optimize the internal operational system, and shall also further expand our customer base. Furthermore, serving as a way to revitalize the brand of "Tsui Wah", the Group plans to renovate its restaurants in phases with an aim of offering customers a more comfortable dining environment and catering experience.

CHAIRMAN'S STATEMENT

In addition, the centralised factory of the Group specializing in bakery products has been officially put into service during the Year. We are going to gradually transfer the production and processing of bakery products of both "BEAT Bakery" and "Tsui Wah" restaurants to this centralised factory as planned as a way to better control product quality and centralize the management of raw ingredients procurement and delivery, which will greatly improve the cost effectiveness. The Group is now planning to make full use of the centralised factory and boost the sales of bread of our restaurants.

Looking ahead, we have been fully prepared and taking proactive actions to alleviate the hardship faced by the Group although a competitive and challenging economic environment has remained in the catering industry. During the Year, we have actively adjusted our business strategies and accordingly, laid a cornerstone for our future. The Board believes that these efforts will reward us and drive better growth for each growth powerhouse in the future by riding on our perseverance in pursuit of quality food and service. I am confident in the strategies of the Group and its team, let alone the future of Tsui Wah. The Group will tide over challenges as it always does and kicks off a brand new start as a unity, while continuing to focus on revenue growth and cost control, improving its business operations and exploring new markets by implementing the abovementioned strategies.

Last but not least, on behalf of the Board, I would like to take this opportunity to thank all our staff and the management team for their work during the Year, and extend my sincere gratitude to our customers, shareholders, suppliers and business partners for their long-term support and confidence in the Group. The Group will continue to work harder in return for the support and encouragement we have received from the society for more than 50 years.

Lee Yuen Hong
Chairman and Executive Director

Hong Kong, 28 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the Year, the Group continued to organically implement its restaurant expansion business plan by opening several new restaurants in Hong Kong, including Nijuuichi Don (廿一堂) in Central, Chez Shibata in Central, Deli Blossom (花盛) in Central, Maomao Eat (輕。快翠) in the Tai Kwun Centre for Heritage and Arts in Central, Maomao Eat (輕。快翠) in the West Kowloon Station, Senbadou (千羽堂) in Admiralty and a branch under the brand of "Tsui Wah Eatery" in the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port Passenger Clearance Building, while the Group has set up and operated its first restaurant in Singapore, which is a Hong Kong style Cha Chaan Teng (茶餐廳) under the brand of "Tsui Wah", through a strategic partnership established between the Group and Jumbo in Singapore.

As at 31 March 2019, the Group operated a total of 83 restaurants, of which 44, 35, three and one were respectively located in Hong Kong, Mainland China, Macau and Singapore, and six sub-brands, namely Nijuuichi Don (廿一堂), BEAT Bakery, Chez Shibata, Maomao Eat (輕。快翠), Senbadou (千羽堂) and Deli Blossom (花盛). Looking forward, with its plan to keep opening more new restaurants, the Group adheres to a prudent and commercially viable strategy in respect of its site selection for the opening of new restaurants and sets up restaurants largely in an area with higher customer traffic.

The industry continued to be challenged by substantially rising costs in raw ingredients, rent and labour. In order to maintain competitiveness, the Group has striven to implement and maintain a range of cost control measures to stabilise the overall operating efficiencies. The continued use of centralised kitchens served to decrease the costs associated with food processing and streamline the procurement and supply chain management, which sustained operational efficiency and enabled the gross profit margin of the Group to remain stable at 72.2% for the Year compared with that of 72.1% for the year ended 31 March 2018 (the "**Year 2018**"). The Group's net profit margin (profit for the Year as a percentage of revenue) recorded a decrease from approximately 4.4% for Year 2018 to approximately 0.3% for the Year, which was mainly attributable to an increase in operating costs such as labour costs as well as the initial start-up costs incurred by the opening of new restaurants.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue

The revenue of the Group slightly decreased by approximately 2.9% from approximately HK$1,839.8 million for the Year 2018 to approximately HK$1,786.8 million for the Year. Although same store sales of certain branches in Hong Kong remained steady during the Year as compared to the Year 2018, the revenue within the region generally dropped owing to the increasingly challenging business environment for the catering industry in Hong Kong and the closure of certain restaurants of the Group when their leases expired during the Year 2018 and the Year. During the Year, overall sales in the PRC dropped by 1.8% as compared to the Year 2018, mainly due to structural changes in the catering industry in Mainland China and a slowdown in consumer spending.

Cost of inventories sold

Cost of inventories sold decreased by approximately HK$14.9 million, or approximately 2.9%, from approximately HK$512.4 million for the Year 2018 to approximately HK$497.5 million for the Year. The cost of inventories sold amounted to approximately 27.9% and 27.8% of the Group's revenue for the Year 2018 and the Year, respectively. The ratio of the cost of inventories sold in proportion to the Group's revenue for the Year remained rather stable as compared to the Year 2018, mainly attributable to various cost control measures on procurement adopted by the Group, including a bulk procurement policy, more stringent control on the food preparation process and optimisation of the use of centralised kitchens.

Hong Kong, Wong Tai Sin Branch

Gross profit

The Group's gross profit (which is equivalent to revenue subtracting the cost of inventories sold) for the Year was approximately HK$1,289.3 million, representing a slight decrease of approximately 2.9% from approximately HK$1,327.4 million for the Year 2018. The decrease in gross profit was attributable to the decrease in revenue, although the gross profit margin for the Year remained stable as compared to the Year 2018.

Human resources and remuneration policy

As at 31 March 2019, the Group employed 4,227 employees. The Group's staff costs increased by approximately HK$43.3 million from approximately HK$532.2 million for the Year 2018 to approximately HK$575.5 million for the Year, mainly attributable to the fact that the Group has increased its number of restaurants and set up a centralised factory specialising in bakery products during the Year. As a support to the Group's expansion, the number of employees of the Year has also increased to cope with increasing business needs and restaurant size. In addition, challenged by long-term labour shortages and high turnover in the catering industry, the Group has also raised salaries during the Year according to the performance of the employees and the industry's level to attract and retain talents. The Group understands the importance of recruiting the right personnel and retaining experienced staff in the highly competitive labour market in order to maintain its operations and uphold its well-established standard of high-quality services across all of its restaurants.

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

In addition, the Company adopted its share option scheme on 5 November 2012 (the "**Share Option Scheme**"), where certain eligible persons whose contributions have been beneficial to the performance, growth or success of the Group would be awarded a personal stake in the Company. Since the adoption of the Share Option Scheme, no options have been granted. As at 31 March 2019, no share options were outstanding under the Share Option Scheme and no options were exercised, cancelled or lapsed during the Year.

Further, the Company adopted a share award scheme on 9 August 2018 (the "**Share Award Scheme**") for the purposes of, amongst others, providing incentives and helping the Group in retaining its existing employees. Since the adoption of the Share Award Scheme and up to 31 March 2019, none of the issued Shares purchased has been awarded under the Share Award Scheme.

Property rentals and related expenses

Property rentals and related expenses decreased by approximately HK$24.6 million, or approximately 7.3%, from approximately HK$338.5 million for the Year 2018 to approximately HK$313.9 million for the Year. The decrease was primarily attributable to the Group's effort in restructuring its restaurant portfolios during the Year. In order to ensure a better control of the property rentals and related expenses, the Group negotiated rental agreements with longer lease terms with an average of at least three years, to maintain commercially stable rental costs.

Selling and distribution expenses

The selling and distribution expenses decreased by approximately HK$5.0 million or approximately 12.3%, from approximately HK$40.6 million for the Year 2018 to approximately HK$35.6 million for the Year. The decrease was mainly due to one-off branding and marketing campaigns which took place in the Year 2018 and a decrease in relevant expenses during the Year.

Other operating expenses

Other operating expenses increased by approximately HK$35.2 million, or approximately 21.1%, from approximately HK$166.7 million for the Year 2018 to approximately HK$201.9 million for the Year, representing approximately 11.3% of the Group's revenue. The increase in other operating expenses was due to the increased exchange losses arising from the downward adjustment of Renminbi exchange rate and the increase in initial and operating costs of new restaurants.

Share of profits from joint ventures

The share of profits from joint ventures amounted to approximately HK$34.1 million for the Year, representing a decrease of approximately HK$5.3 million, or approximately 13.5%, from approximately HK$39.4 million for the Year 2018. The decrease was primary due to the fact that the performance of restaurants operated by certain joint ventures during the Year was affected by the changes in the business environment.

Income tax expense

Income tax expense decreased by approximately HK$9.0 million, or approximately 34.6%, from approximately HK$26.0 million for the Year 2018 to approximately HK$17.0 million for the Year, mainly attributable to the decrease in profit before tax for the Year.

Profit

Primarily due to the decrease in revenue from operations brought by the increases in costs and expenses to support the Group's business development and operation due to the continuing challenging business environment faced by the Group, the profit after income tax expenses decreased by approximately HK$76.1 million, or approximately 94.2%, from approximately HK$80.8 million for the Year 2018 to approximately HK$4.7 million for the Year.

Liquidity, financial resources and capital structure

The Group financed its business with internally generated cash flows and the proceeds received from the initial listing of the issued Shares on the Main Board of the Stock Exchange on 26 November 2012 (the "**Listing**"). As at 31 March 2019, the Group had cash and cash equivalents amounting to approximately HK$424.5 million, representing a decrease of approximately HK$85.5 million from approximately HK$510.0 million as at 31 March 2018. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 31 March 2019, the Group's total current assets and current liabilities were approximately HK$591.8 million (31 March 2018: approximately HK$644.1 million) and approximately HK$280.0 million (31 March 2018: approximately HK$303.3 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 2.1 times (31 March 2018: approximately 2.1 times).

As at 31 March 2019, the Group recorded interest-bearing bank borrowings of approximately HK$63.0 million (as at 31 March 2018: HK$66.8 million). The interest-bearing bank borrowings were secured, repayable on demand and denominated in Hong Kong dollars and bore interest at 1.0% (31 March 2018: 1.0% above Hong Kong Interbank Offered Rate) above the one-month Hong Kong Interbank Offered Rate. During the Year, no financial instruments were used for hedging purposes. Details of the bank borrowings of the Group are set out in note 25 to the financial statements above.

As at 31 March 2019, the Group's gearing ratio, calculated based on the sum of interest-bearing bank borrowings and finance lease payables divided by the equity attributable to owners of the Company, was approximately 5.7% (31 March 2018: approximately 5.6%).

Material acquisitions and disposals

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

Use of net proceeds from the Listing

The net proceeds from the Listing of the Company were approximately HK$794.4 million (after deducting underwriting fees and related expenses). The use of the net proceeds from the Listing as at 31 March 2019 was approximately as follows:

Use of net proceeds	Percentage of net proceeds	Net proceeds *(in HK$ million)*	Amount utilised *(in HK$ million)*	Amount remaining *(in HK$ million)*
Opening new restaurants and delivery centres and launch of catering service in Hong Kong	20%	158.9	(158.9)	–
Opening new restaurants in Mainland China	35%	278.0	(278.0)	–
Construction of new central kitchen in Hong Kong	10%	79.4	(79.4)	–
Construction of new central kitchens in Shanghai and Southern China	20%	158.9	(108.3)	50.6
Upgrading information technology systems	5%	39.8	(30.4)	9.4
Additional working capital and other general corporate purposes	10%	79.4	(79.4)	–
Total	100%	794.4	734.4	60.0

Foreign currency risk

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

Contingent liabilities

As at 31 March 2019, the Group had contingent liabilities of approximately HK$9.2 million (31 March 2018: approximately HK$9.1 million) in respect of bank guarantees given in favour of landlords in lieu of rental deposits.

Charge on assets

As at 31 March 2019, save as those disclosed in note 25 to the financial statements above, deposits of approximately HK$9.2 million (31 March 2018: approximately HK$9.1 million) were pledged for bank guarantee facilities of the Group. There was no charge on the Group's other assets.

Training and continuing development

During the Year, comprehensive training programmes and development initiatives pertaining to operational and occupational safety as well as customer services were provided to relevant employees in order to enhance the quality of services expected from customer-facing staff as well as to ensure the effective implementation of the Group's business ethos. A two-hour seminar on Directors' duties and responsibilities under statutory and regulatory requirements as well as an update on the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") was delivered by the company secretary of the Company to the Directors and the senior management in March 2019.

Prospects and outlook

Customer satisfaction

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

Corporate social responsibility

The Group is committed to adhering to its core corporate values and social responsibilities. The Group has strongly encouraged all its employees to partake in charitable activities organised by and associated with the Group such as the Community Chest fundraiser. The Group has also promoted environmental protection initiatives, bolstered its green procurement and energy saving policies, and provided customers with friendly reminders to reduce food waste. The Group continues to take an unwaveringly proactive role in giving back to the community.

Environmental, social and governance ("ESG") performance

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

Going forward, the Group plans to diversify its scope of business and sources of income by (i) broadening its platform, developing new brands and exploring other innovative business models; and (ii) accelerating the Group's expansion into overseas markets and across the Guangdong-Hong Kong-Macau Greater Bay Area and strengthening its marketing efforts to attract customers from a diverse customer base in order to consolidate the Group's brand position and increase its market share in Hong Kong, Macau and Mainland China.

The Group also plans to improve its business model through various methods, including: (i) enhancing the Group's data management by keeping abreast of technological developments and strengthening the Group's internal operating systems; (ii) expanding the Group's production capacity by establishing a centralised factory specialising in bakery food during the Year and continuing to centralise the management of procurement and the distribution of raw ingredients; (iii) enhancing the Group's food quality by strictly using high-quality, healthy and safe raw ingredients and purchasing raw ingredients from reputable suppliers; (iv) raising the standard of the Group's services by strengthening the Group's personnel training and developing a sense of belonging for its staff through the core philosophy of people-oriented leadership; (v) actively expanding the coverage of the Group's "Tsui Wah Delivery" (快翠送) services by striving to increase and optimise the speed of the delivery service and the efficiency of the order process; and (vi) continuing to provide five-star service to customers of the Group's "Supreme Catering" (至尊到會) business by catering to the needs of customers for various occasions.

The Group will closely monitor the macroeconomic environment and continue to seize various growth opportunities to boost our brand reputation and maximise returns for the Shareholders. By leveraging on the determination and experience of its competent management team and staff, the Board is confident that the Group will continue striving to achieve its business strategies mentioned above.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Lee Yuen Hong (李遠康) ("**Mr. Lee**"), aged 64, is the chairman of the Board (the "**Chairman**") and an executive Director. Mr. Lee has been an executive Director and the Chairman since 29 May 2012, the date of incorporation of the Company. Apart from his current directorship in the Company, he also holds directorships in almost all subsidiaries of the Company. He is the founder of the Group and is primarily responsible for the Group's overall corporate strategies, management and business development. Mr. Lee is also the chairman of the nomination committee of the Company (the "**Nomination Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**"). Mr. Lee founded the Group in 1989 by acquiring the San Po Kong Tsui Wah Restaurant (新蒲崗翠華餐廳). Mr. Lee first joined the restaurant industry in Hong Kong in 1966 and has since served in various positions within the industry. He served as a cook, the chief cook and the chef in a number of restaurants from 1973 to 1989. Mr. Lee has spent almost 30 years in the Group since 1989 which, together with his previous positions in other restaurants, has allowed him to accumulate 50 years of experience in the restaurant industry, in particular in the *Cha Chaan Teng* sector. He is currently the honorary chairman of the Association of Coffee and Tea (香港咖啡紅茶協會), the president of the Hong Kong Federation of Restaurants & Related Trades (香港餐飲聯業協會) and a member of the Business Facilitation Advisory Committee (方便營商諮詢委員會), the Mandatory Provident Fund Industry Schemes Committee (強制性公積金行業計劃委員會), the Quality Tourism Services Sub-Committee (優質旅遊服務小組委員會), the Catering and Hospitality Services Safety and Health Committee and the Committee of HKTDC Mainland Business Advisory Committee (香港貿易發展局內地商貿諮詢委員會), respectively. He also serves as the vice-president of the Guangzhou Restaurant & Catering Association (廣州市飲食行業商會) and was appointed as a member of the Committee on Reduction of Salt and Sugar in Food (降低食物中鹽和糖委員會) and a council member of the Shanghai Cuisine Association (上海市烹飪協會). Mr. Lee completed the Hygiene Supervisor Training Course (衛生督導員訓練課程) organised by the Food and Environmental Hygiene Department in December 2004. Mr. Lee obtained his master's degree in business administration from the Sun Yat-Sen University (中山大學) in China in November 2010. Mr. Lee is the father of Mr. Lee Tsz Kin Kenji, an executive Director and the Group Chief Executive Officer (the "**CEO**"), and Ms. Lee Sin Ying, an executive Director. In addition, he is a director of Cui Fa Limited, a controlling shareholder of the Company (the "**Controlling Shareholder**").

Mr. Lee Tsz Kin Kenji (李祉鍵) ("**Mr. Kenji Lee**"), aged 34, was appointed as an executive Director on 1 November 2016 and has been appointed as the Group Chief Executive Officer ("**CEO**") with effect from 1 June 2019. Mr. Kenji Lee has been the business development director of the Group since November 2016 and is responsible for leading new business development, project development as well as leasing matters of the Group. He also holds directorships in most of the subsidiaries of the Company. Mr. Kenji Lee joined the Group as the marketing and design officer in January 2007. He assumed the position of head of the project development department of the Group from early 2010 until the first half of 2015 and was responsible for formulating the development direction and store planning of the Group. Since May 2015, Mr. Kenji Lee has become the head of the brand development department of the Group, and has been responsible for the Group's corporate development, leasing cooperation and business diversification.

Mr. Kenji Lee graduated from the University of Huddersfield in the United Kingdom (the "**UK**") with a bachelor's degree majoring in international business. He is an executive member of the Federation of Hong Kong Guangxi Community Organisations (香港廣西社團總會), a director of Hong Kong Federation of Restaurants & Related Trades Limited (香港餐飲聯業協會), an honorary consultant of Hong Kong People and Brands (香港人撐香港人品牌) and an honorary consultant of Association of Founders (創業家協會). He is (i) the son of Mr. Lee, the Chairman and an executive Director; (ii) a director of Cui Fa Limited, a Controlling Shareholder; and (iii) the younger brother of Ms. Lee Sin Ying, an executive Director.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Lee Sin Ying (李倩盈) ("**Ms. Christy Lee**"), aged 35, has been appointed as an executive Director and the general manager of the supply chain of the Group with effect from 1 June 2019. Ms. Christy Lee has over 10 years of marketing experience in the catering service. She joined the Group in 2007 and served as the corporate planning manager of the Group from 2007 to 2012. Ms. Christy Lee was appointed as the general manager of the central kitchen of the Group in 2016, responsible for the management and operation of the Group's central kitchen.

Ms. Christy Lee has obtained a bachelor of business management (honours) degree majoring in marketing from the University of Surrey in the UK. She is the daughter of Mr. Lee, the Chairman and an executive Director, and the elder sister of Mr. Kenji Lee, an executive Director and the Group CEO.

Non-executive Directors

Mr. Cheng Chung Fan (鄭仲勳) ("**Mr. Cheng**"), aged 38, is a non-executive Director. Mr. Cheng has been a non-executive Director since 1 November 2016. Currently, he is the Chief Investment Officer of Blue Top Group Limited. Mr. Cheng has over 14 years of business, investment and capital markets experience. He obtained a bachelor's degree in applied science specialising in electrical engineering from Queen's University, Canada in June 2004 and a master's degree in science specialising in engineering enterprise management from The Hong Kong University of Science and Technology in July 2007.

Mr. Wong Chi Kin (黃志堅) ("**Mr. Wong**"), aged 46, was appointed as an independent non-executive Director (the "**INED**") on 5 November 2012 and was re-designated to a non-executive Director on 1 November 2016. He is also a member of the audit committee of the Company. Mr. Wong has over 20 years of accounting, banking and finance experience with commercial banks and investment banks (including ING Bank, UBS and Morgan Stanley) as well as various listed companies in Hong Kong and the UK.

Mr. Wong obtained a Bachelor of Science (Honours) degree in Finance from the City University of Hong Kong in December 1996, a Certificate in Consecutive Interpretation: Putonghua/English from The School of Professional and Continuing Education of The University of Hong Kong in March 2001, a Master's degree in Practising Accounting from The Monash University, Australia in November 2001, and a Master of Business Administration degree (Executive MBA Programme) from The Chinese University of Hong Kong in December 2010 (Dean's list: 2009/2010). Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of CPA Australia and an associate member of The Hong Kong Institute of Directors.

Mr. Wong was the chief financial officer of Orient Victory Travel Group Company Limited (formerly known as Orient Victory China Holdings Limited) ("**Orient Victory**") (Stock Code: 265) during the period from October 2014 to October 2018. Prior to joining Orient Victory, Mr. Wong held various positions at China Qinfa Group Limited (Stock Code: 866) including (i) the deputy chief financial officer (from April 2011 to September 2011); (ii) the chief financial officer (from September 2011 to October 2014); and the company secretary and an authorised representative (from July 2011 to August 2014). In addition, Mr. Wong has been appointed as a non-executive director of Asiaray Media Group Limited (stock code: 1993) since 24 March 2017. The shares of each of the above companies are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

On 9 July 2018, Mr. Wong was appointed as an independent non-executive director and the chairman of the independent board committee of Shenzhou Space Park Group Limited (formerly known as China Household Holdings Limited) (Stock Code: 692) ("**Shenzhou Space**"), mainly responsible for providing independent advice to Shenzhou Space on listing resumption proposals. At the request of the Securities and Futures Commission in Hong Kong (the "**SFC**"), all dealings in the shares of Shenzhou Space have been suspended since 17 July 2017. Moreover, on 13 December 2018, a creditor's winding-up petition was presented at the High Court of Hong Kong against Shenzhou Space. For details of the winding-up petition, please refer to the announcements of Shenzhou Space dated 21 December 2018, 13 February 2019 and 4 June 2019.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang Dong John (楊東) ("**Mr. Yang**"), aged 44, has been appointed as a non-executive Director with effect from 1 April 2019. He currently serves as the company secretary of Hailan Holdings Limited (stock code: 2278), a company listed on the Stock Exchange and the chief financial officer of Chung Wai Finance Holding (Group) Company Limited. Mr. Yang was the Chief Financial Officer from 22 August 2016 to 31 March 2019, responsible for overseeing the Group's financial reporting functions and specific financial projects. He was the chief financial officer of the Company from 4 June 2012 to 31 December 2015 and assisted in the matters relating to the listing of the Company's shares on the Stock Exchange. From March 2014 to March 2017, Mr. Yang was appointed as the Chief Executive Officer in the mainland of the People's Republic of China (the "**PRC**") for the management and development of the Group's business in the PRC. He served as the company secretary and an authorised representative of the Company from June 2012 to February 2015.

Mr. Yang has been a member of the Hong Kong Institute of Certified Public Accountants since 2003 and a non-practicing member of the Chinese Institute of Certified Public Accountants since 2011. Mr. Yang has accumulated over 15 years of experience in auditing, consolidated accounting, financial management, due diligence investigation, compliance auditing and financial auditing. Prior to joining the Group, he was the chief financial officer and company secretary of Wedding Banquet Specialist (煌府婚宴專門店). He has spent over ten years in KPMG's Hong Kong and Beijing offices and has been engaged in numerous auditing projects involving listed companies on the Stock Exchange. Mr. Yang graduated from the City University of Hong Kong in November 1999 with a bachelor's degree in business administration (accountancy) and obtained his master's degree in business administration from The Chinese University of Hong Kong in November 2015.

Independent Non-executive Directors

Mr. Goh Choo Hwee (吳慈飛) ("**Mr. Goh**"), aged 47, has been an INED since 5 November 2012. Mr. Goh is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee, respectively. Mr. Goh is a member of the Law Society of Hong Kong and has been a practicing solicitor since 1997 and is currently a partner of Ma Tang & Co., a law firm in Hong Kong. He has over 20 years of experience in PRC-related corporate and securities practices. Mr. Goh was appointed as an independent non-executive director of (i) China Ever Grand Financial Leasing Group Co., Ltd. (stock code: 379), since 18 January 2012; and (ii) Huajin International Holdings Limited (stock code: 2738), since 23 March 2016. The two aforementioned companies are listed on the Stock Exchange. Mr. Goh graduated from The Chinese University of Hong Kong in December 1993 with a bachelor's degree in arts. He subsequently obtained a Postgraduate Certificate in Laws from the University of Hong Kong in June 1995.

Mr. Tang Man Tsz (鄧文慈) ("**Mr. Tang**"), aged 48, has been an INED since 1 November 2016. He is also a member of the Remuneration Committee and the Nomination Committee, respectively. Currently, he is the managing director of UNI Consulting (HK) Limited, responsible for providing consulting services to listed companies. Mr. Tang has accumulated over 20 years of experience in international investment and corporate banking services. He worked for a number of renowned international banking corporations including Merrill Lynch, UBS, Royal Bank of Scotland and BNP Paribas, in which he was involved in the provision of bond financing and equity financing services. Mr. Tang received a bachelor's degree in economics from The Chinese University of Hong Kong in 1994.

Mr. Tang has served as an independent non-executive director of Shenzhou Space Park Group Limited (formerly known as China Household Holdings Limited) (stock code: 692) from 9 July 2018 to 22 March 2019.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yim Kwok Man (嚴國文) ("**Mr. Yim**"), aged 50, has been an INED since 5 November 2012. He is the chairman of the Audit Committee. Mr. Yim has over 20 years of experience in the areas of corporate finance, debt and equity capital markets, asset management as well as mergers and acquisitions in Asia, in particular in Hong Kong and the PRC. He is a fellow member of the Association of Chartered Certified Accountants in the UK and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yim is a registered representative of type 4 regulated activity (advising on securities), type 5 regulated activity (advising on futures contracts) and type 9 regulated activity (asset management) with the SFC. He has served as a managing director of Galaxy Asset Management (H.K.) Limited and worked with various international financial institutions and investments bank since 1994, including Rabobank International Hong Kong Branch, DBS Asia Capital Limited as well as CITIC Capital Markets Holdings Limited. Mr. Yim served as a non-executive director of Eternite International Company Limited (currently known as Larry Jewelry International Company Limited), the shares of which are listed on GEM of the Stock Exchange (stock code: 8351), from December 2010 to August 2011. Mr. Yim has also served as a non-executive director of Star Properties Group (Cayman Islands) Limited (stock code: 1560) since 4 March 2016. Mr. Yim was appointed as an independent non-executive director of Apex Ace Holdings Limited (stock code: 6036) on 15 February 2018. The issued shares of the two last-mentioned companies are listed on Main Board of the Stock Exchange. Mr. Yim graduated with a bachelor's degree in civil engineering from the Hong Kong Polytechnic (presently known as the Hong Kong Polytechnic University) in November 1991. He completed a master of business administration exchange program at the John E. Anderson Graduate School of Management, University of California, the United States of America in 1993 and obtained a master's degree in business administration from The Chinese University of Hong Kong in December 1994.

Senior Management

Mr. Pang Kwing Ho Peter (彭烱豪) ("**Mr. Pang**"), aged 60, has been the managing director of Supreme Catering, a business unit of the Company, since its establishment. Mr. Pang served as the chief executive officer of the Company from 1 June 2016 to 31 May 2019.

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

Mr. Tong Kam Hung Kenny (唐錦雄) ("**Mr. Tong**"), aged 46, has been appointed as the chief operating officer of the Group with effect from 1 June 2019. He is also the chief executive officer of the Group's business in the PRC.

Mr. Tong has accumulated over 20 years of experience in management. Over the past years, he has served as a member of the senior management of a well-known listed company in Hong Kong, which is engaged in the catering business, and was involved in the management and strategic business development in the PRC market. He has established broad business relationships with commercial developers in the PRC. He obtained a master's degree in business administration from the City University of Macau and a professional manager designation of the Hong Kong Management Association.

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Company is committed to achieving and maintaining a high standard of corporate governance that properly protects and promotes the interest of its shareholders (the "**Shareholders**") and devotes considerable effort to identifying and formalising good corporate governance practices. The Company has adopted and adhered to the principles in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The corporate governance principles of the Company place strong emphasis on an effective board with a high level of integrity, proper internal controls, as well as a high degree of transparency and accountability, which not only maximize the corporate value for the Shareholders but also protect the long-term sustainability of the Group as a whole.

Throughout the year ended 31 March 2019 (the "**Year**") and up to the date of this annual report, the Company has complied with all the code provisions of the CG Code.

The board of directors of the Company (the "**Directors**" and the "**Board**", respectively) periodically reviews and continues to abide by the Company's corporate governance policies to ensure compliance with the code provisions of the CG Code.

Directors

The Board

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

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

With the assistance of the Company's company secretary (the "**Company Secretary**"), the Chairman has sought to ensure that all Directors were properly consulted on all major matters relating to the Company. The Directors are provided with monthly operating information which contains up-to-date performance of the Group and information of the Company. The Directors were sufficiently briefed on issues raised during Board meetings and that all relevant information had been received in a timely manner. To the extent that any of the Directors required independent professional advice, this would be met by the Group, at the Group's expense, upon the Director having made a reasonable request to the Board.

CORPORATE GOVERNANCE REPORT

Board Meetings and General Meeting

During the Year, the Board held five meetings. The attendance record of each Director in respect of the Board meetings for the Year as well as the annual general meeting of the Company (the "**AGM**") for the year ended 31 March 2018 (the "**2018 AGM**") is set out below:

Name of Director	Number of Board meeting(s) attended/ eligible to attend	2018 AGM attended/ eligible to attend
Executive Directors:		
Mr. Lee Yuen Hong *(Chairman)* ("**Mr. Lee**")	4/5 *(Note)*	1/1
Mr. Lee Tsz Kin Kenji ("**Mr. Kenji Lee**")	4/5 *(Note)*	1/1
Ms. Lee Sin Ying ("**Ms. Christy Lee**") (appointed with effect from 1 June 2019)	N/A	N/A
*Non-executive Directors (the "**NEDs**"):*		
Mr. Cheng Chung Fan	5/5	1/1
Mr. Wong Chi Kin	5/5	0/1
Mr. Yang Dong John ("**Mr. John Yang**") (appointed with effect from 1 April 2019)	N/A	N/A
Mr. Cheng Yu Sang (resigned on 2 April 2018)	N/A	N/A
*Independent Non-executive Directors (the "**INEDs**"):*		
Mr. Goh Choo Hwee	5/5	0/1
Mr. Tang Man Tsz	5/5	1/1
Mr. Yim Kwok Man	5/5	0/1

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

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

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

During the Year, the Chairman was Mr. Lee whilst the chief executive officer (the "**CEO**") of the Company was Mr. Pang Kwing Ho Peter ("**Mr. Pang**") who has left his position as the CEO due to expiry of his service contract and has been retained by the Board as the managing director of the Group's Supreme Catering business with effect from 1 June 2019. The Company has complied with code provision A.2.1 of the CG Code, which stipulates that the chairman and the chief executive should be segregated and should not be performed by the same individual. The Chairman provides leadership for the Board, encouraging all Directors to be proactive in their contributions to the Company's affairs and ensures that the Directors act in the best interests of the Company. The CEO represents the management of the Company and is mainly responsible for overseeing the implementation of the Group's strategies, business objectives and management policies.

Mr. Pang stepped down as the CEO on 1 June 2019 owing to the expiry of his service contract. On the same date, Mr. Kenji Lee, an executive Director, was appointed as the Group CEO.

Board Composition

As at 31 March 2019, the Board comprised seven Directors, including two executive Directors, two NEDs and three INEDs as below:

	Membership of Board Committee(s)
Executive Directors:	
Mr. Lee *(Chairman)*	Chairman of the Nomination Committee Member of the Remuneration Committee
Mr. Kenji Lee	N/A
NEDs:	
Mr. Cheng Chung Fan	N/A
Mr. Wong Chi Kin	Member of the Audit Committee
INEDs:	
Mr. Goh Choo Hwee	Chairman of the Remuneration Committee Member of the Audit Committee Member of the Nomination Committee
Mr. Yim Kwok Man	Chairman of the Audit Committee
Mr. Tang Man Tsz	Member of the Remuneration Committee Member of the Nomination Committee

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

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

Mr. John Yang has been appointed as a non-executive Director since 1 April 2019, while Ms. Christy Lee has been appointed as an executive Director since 1 June 2019. The biographies of the Directors are set out on pages 15 to 18 of this annual report. Save as disclosed in the section headed "Biographies of Directors and Senior Management" in this annual report, there is no family, financial or business relationship among the Directors.

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

Directors' Liabilities Insurance

During the Year and up to the date of this annual report, an appropriate and adequate directors' and officers' liability insurance is in place to protect the Directors from legal action arising from the performance of their duties as a Director. Such insurance coverage is reviewed and renewed on an annual basis. No claims under the insurance policy have been made.

Appointment, Re-Election and Removal of Directors

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

Continuous Professional Development

On the first occasion of each Director's appointment, the Company will arrange a comprehensive, formal and detailed introduction to each Director to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under statutory and common law, the Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

In compliance with code provision A.6.5 of the CG Code, the Company had arranged and funded suitable training for all the Directors to partake in continuous professional development. This was conducted by way of a combination of in-house training, seminars and other appropriate courses and distribution of relevant reading materials to (i) develop and refresh their knowledge and understanding of the Group and its business; (ii) update their skills and knowledge with respect to the latest development or changes in the relevant commercial, legal and regulatory statutes, the Listing Rules and corporate governance practices; and (iii) enhance their awareness on the responsibilities for a director of a listed corporation. For example, both the executive Directors and a majority of the members of the senior management attended a seminar on the "Duties and Responsibilities of Directors under Statutory and Regulatory Requirements and an Update of the Listing Rules" delivered by the representative of Boardroom Corporate Services (HK) Limited ("**Boardroom**") on 27 March 2019.

A summary of the training received by the Directors for the Year and up to the date of this annual report is set out below:

Name of Director	Type of Trainings
Executive Directors:	
Mr. Lee *(Chairman)*	A and B
Mr. Kenji Lee (appointed as Group CEO on 1 June 2019)	A and B
Ms. Christy Lee (appointed on 1 June 2019)	A and B
NEDs:	
Mr. Cheng Chung Fan	A and B
Mr. Wong Chi Kin	A and B
Mr. Yang Dong John (appointed on 1 April 2019)	A and B
Mr. Cheng Yu Sang (resigned on 2 April 2018)	N/A
INEDs:	
Mr. Goh Choo Hwee	A and B
Mr. Tang Man Tsz	A and B
Mr. Yim Kwok Man	A and B

A: attending in-house training/external seminars/briefings/conference/forums and workshops
B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

Directors' Securities Transactions

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

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

CORPORATE GOVERNANCE REPORT

Board Committees

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

Nomination Committee

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

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

After considering the nature of the food and catering industry and the characteristics of the Group's business model, the Nomination Committee has opined that the current composition of the Board maintains an appropriate range and reflects the balance of skills, educational background, experience and diversity of perspectives desirable for the effective management of the Company. In addition, a proposal for the appointment of new Director has been considered and reviewed by the Nomination Committee. Candidates to be selected and recommended are experienced and high calibre individuals. All candidates must be able to meet the standards and criteria set out in the Listing Rules and the Company's nomination policy.

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

The Nomination Committee will continue to identify qualified candidates through merit based selection and candidates will be considered by using objective criteria, with due regard to the benefits of diversity on the Board.

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

Nomination Policy

The Nomination Committee will recommend to the Board for the selection, appointment and re-appointment of a Director including an INED in accordance with the following procedures and process:

i The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

ii The Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third party agency firm and proposals from the Shareholders with due consideration given to the criteria which include but are not limited to:

(a) Diversity in the aspects of, amongst others, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;

(b) Commitment for responsibilities of the Board in respect of available time and relevant interest (details of the Board Diversity Policy set out above);

(c) Qualifications, both academic and professional, including accomplishment and experience in the relevant industries in which the business(es) of the Company and its subsidiaries is/are involved;

(d) Independence (for INEDs);

(e) Reputation for integrity;

(f) Potential contributions that the individual can bring to the Board; and

(g) Plan(s) in place for the orderly succession of the Board.

iii The Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;

iv The Nomination Committee will consider a broad range of candidates who are in and outside of the Board's circle of contacts;

v Promptly after considering a candidate's suitability for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

vi The Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such selected candidate;

vii The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a NED is considered, the Remuneration Committee will make the recommendation to the Board on the policy and structure for the remuneration;

viii The Board may arrange for the selected candidate to be interviewed by the members of the Board, who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and

ix All appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the relevant regulatory authorities, if required.

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

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

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

1. reviewed the structure, size and diversity of the Board;

2. reviewed the independence of the INEDs;

3. made recommendations to the Board on the nomination of Directors for re-election at the AGM; and

4. made recommendations to the Board on the nomination of Directors (namely a male NED and a female executive Director), with adequate consideration to the Board Diversity Policy, for the appointment of new Directors.

Remuneration Committee

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

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

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

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

1. made recommendations to the Board on the remuneration packages of the existing and proposed Directors, senior management and employees of the Group;

2. reviewed the appropriateness of the remuneration policy; and

3. evaluated the performance of all Directors and senior management of the Group.

Audit Committee

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

This annual report has been reviewed by the Audit Committee.

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

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

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

1. reviewed the Company's annual report for the year ended 31 March 2018 (the "**2018 Annual Report**") and interim report for the six months ended 30 September 2018, consolidated financial statements and the related results announcements, documents and other matters or issues raised by external auditors;

2. reviewed the findings from external auditors;

3. reviewed the independence of the external auditors and engagement of external auditors for annual audit;

4. reviewed the audit plans, internal control plan, the development in accounting standards and its effects on the Group, financial reporting and risk management matters;

5. reviewed the adequacy of resources, qualifications and experience of staff in the Group's internal audit, accounting and financial reporting functions as well as their training programmes and budget;

6. reviewed the changes in accounting policies and practices;

7. approved the current external audit plan, and reviewed and monitored the level of financial control as well as the effectiveness of the Group's risk management and internal control systems; and

8. assessed corporate governance compliance.

Corporate Governance Function

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

(1) reviewed the corporate governance policies and practices of the Company as well as made relevant recommendations;

(2) reviewed and monitored the training and continuous professional development of the Directors and senior management of the Group;

(3) reviewed and monitored the policies and practices of the Company to ensure compliance with relevant legal and regulatory requirements;

(4) reviewed and monitored the code of conduct of Directors and employees of the Group; and

(5) reviewed compliance with the CG Code and made necessary disclosure in the 2018 Annual Report.

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

Whistleblowing system

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

Remuneration of Directors and Senior Management

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

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

Band of remuneration (HK$)	Number of individual(s)
2,000,001 to 3,000,000	2
3,000,001 to 4,000,000	1

Accountability and Audit

All Directors acknowledge their responsibilities in publishing annual and interim reports with a clear and an accurate assessment of the results and operations of the Group, as well as price-sensitive or inside information and relevant disclosures by way of announcements as required under the Listing Rules. The Directors also acknowledge their responsibilities for the preparation of the Group's financial statements and confirm the true and fair depiction of the Group's state of affairs therein. The Independent Auditor's statement regarding its reporting responsibilities in respect of the financial statements of the Group is set out in the independent auditor's report on page 54 of this annual report. The Directors, having made the relevant enquiries, confirm that there are no material uncertainties relating to events which may affect the Company's ability to continue as a going concern.

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

	Fees paid/ payable HK$'000
Audit service	2,230
Non-audit services:	
Review of interim condensed consolidated financial statements	294
Tax services	350
Due diligence	238
Total	3,112

Risk Management and Internal Control

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing their effectiveness at least annually. The Audit Committee assists the Board in fulfilling its oversight and corporate governance roles in the Group's financial, operational, compliance, risk management and internal control system. External consultant was engaged to review the group's risk management and internal control systems during the Year.

With recommendations from the external consultant, the Group's risk management framework has been guided by the "Three Lines of Defense" model. The policy formalised by the Group clearly defines the roles and responsibilities of each layers of the structure, including the Board, Audit Committee, senior management, department and operation heads as well as internal audit team.

1st Line of Defense

Department and operation heads, as risk owners, identify, evaluate, mitigate and monitor their own risks

2nd Line of Defense

Senior management is responsible to monitors and facilitates the implementation and operations of effective risk management system

3rd Line of Defense

Internal audit is responsible to provide an independent assessment on the effectiveness of the system.

Risk management process — The Group's risk management approach is a structured mechanism and a continuous process of identifying, evaluating, prioritising, managing and monitoring of the risks. The risks are categorised into strategic risks, operational risks, financial risks and compliance risks. The followings are the key risk management process:

1. Risk Identification — Identify potential risks of key processes at least annually

2. Risk Assessment — Evaluate and prioritise the risks at least annually

3. Risk Response — Establish mitigation plan for risk identified

4. Risk Monitoring — Continue monitor the effectiveness of the risk management system

5. Risk Reporting — Submit management reports on a regular basis

6. Annual Review — Conduct annual review of the effectiveness of the risk management system

The internal audit team is an independent function reporting directly to the Audit Committee. It provides independent, objective, assurance and consulting services on risk management and internal control. The internal audit team has unrestricted access to information that allows it to review all aspects of the Company's risk management, control and governance processes. On a regular basis, it conducts audits on financial, operational and compliance controls, and the risk management functions of the Group. The internal audit department produces an annual internal audit plan for the Audit Committee's approval. The audit plan is prepared based on the risk assessment to ensure that business activities with higher risks are covered. The plan is executed by the external consultant and the internal audit team on a co-sourcing approach. The head of internal audit team reports to the Audit Committee on a regular basis.

The Board, through the Audit Committee, has ongoing oversight had conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the Year. The review covered all material controls, including financial, operational and compliance controls. No significant areas of concern have been identified and the Board considered the systems were effective and adequate.

During the annual review, the Audit Committee has also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's internal audit, accounting and financial reporting functions.

Inside Information

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

Dissemination of Inside Information

With respect to the procedures and internal controls for the handling and dissemination of price-sensitive information, the Company acknowledges its responsibilities under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Listing Rules and the overriding principle that inside information should be announced promptly. The Company has established a policy for the disclosure of inside information (the "**Inside Information Disclosure Policy**") with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in Hong Kong.

The Inside Information Disclosure Policy includes, among other things:

(a) only designated persons are authorised to communicate the Company's corporate matters with investors, analysts, the media or other members of the investment community;

(b) Directors or senior management shall report to the Group CEO any potential/suspected inside information as soon as practicable so that he can consult (if appropriate) the Board thereafter for determining the nature of developments and, if required, making appropriate disclosure;

(c) disclosure of inside information must be made in a manner that can provide for equal, timely and effective access by the public to the disclosed inside information; and

(d) inside information must be kept strictly confidential until a public announcement is made and shall be disseminated in accordance with the requirements of the Listing Rules before it is released via other means.

CORPORATE GOVERNANCE REPORT

Delegation by the Board

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

Company Secretary

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

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

Sir Seaman Kwok was nominated by Boardroom to be the Company Secretary on 1 September 2016 and since then, Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Sir Seaman Kwok contacted during the Year was Mr. Yang Dong John, the Group's chief financial officer and thereafter Mr. Dennis Chau, the Group's financial controller, in respect of company secretarial matters. Mr. Yang Dong John has resigned from his position as the Group's chief financial officer and was appointed as a NED with effect from 1 April 2019.

Communication with Shareholders

Effective Communication

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

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

CORPORATE GOVERNANCE REPORT

The Chairman and members of the Board and chairmen of the various Board committees or their duly appointed delegates have attended the 2018 AGM and will attend the forthcoming AGM to be held on 23 August 2019 (the "**2019 AGM**") to answer questions raised by the Shareholders.

Pursuant to code provision E.1.2 of the CG Code, the Company will invite/has invited representatives of the Independent Auditor to attend the 2019 AGM and the chairman of the audit, remuneration and nomination committees to attend the forthcoming 2019 AGM to answer Shareholders' questions regarding the conduct of the audit, the preparation and content of the independent auditor's report, the accounting policies and auditor's independence.

Shareholders' Rights

1. Procedures for Shareholders to Convene an EGM

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

Any requisition to convene an EGM should be lodged the Company's principal place of business in Hong Kong (presently at Room 1606–1608, 16/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong) marked for the attention of the Company Secretary.

2. Procedures for Making Enquiries

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

Address	:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Email	:	is-enquiries@hk.tricorglobal.com
Tel	:	(852) 2980 1333
Fax	:	(852) 2810 8185

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

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

3. Procedures for Putting Forward Proposals at Shareholders' Meetings

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

Pursuant to article 85 of the Articles of Association, a Shareholder who wishes to propose a person other than a retiring Director for election to the office of Director at any general meeting should lodge (i) a notice in writing by him/her/it (other than the person to be proposed) of his/her/its intention to propose that person for election as a Director; and (ii) a notice in writing by that person of his/her willingness to be elected, at either (a) the principal place of business of the Company in Hong Kong (presently at Room 1606–1608, 16/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong), or (b) the Hong Kong branch share registrar and transfer office of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. The period for lodgement of the notices mentioned above will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

(ii) *Other proposals:*

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

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

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

(1) Notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal(s) require(s) approval in an AGM.

(2) Notice of not less than 21 clear days and not less than 10 clear business days in writing if the Proposal(s) require(s) approval by way of a special resolution in an EGM.

(3) Notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal(s) require(s) approval by way of an ordinary resolution in an EGM.

CORPORATE GOVERNANCE REPORT

Dividend Policy

The Company has adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company may declare and distribute dividends to the Shareholders.

The payment and the amount of any dividends will be at the discretion of the Directors and will depend upon the Group's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which the Directors deem relevant. As regards the subsidiaries incorporated in the People's Republic of China (the "**PRC**" or "**Mainland China**"), the PRC laws require that dividends be paid only out of the net profit calculated according to the PRC accounting principles which differ from generally accepted accounting principles in other jurisdictions, including Hong Kong Financial Reporting Standards. The PRC laws also require foreign-invested enterprises, such as the subsidiaries in Mainland China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

Subject to the factors described above, the Board intend to recommend at the AGM that dividends of not less than 30% of the net profit for each financial year be recommended for payment as dividend. Unless the Board determines otherwise, cash dividends on the shares of the Company, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to the Shareholders by any means which the Directors consider legal, fair and practicable.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

Constitutional Documents

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

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

REPORT OF DIRECTORS

The directors of the Company (the "**Directors**") present this report together with the audited financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2019 (the "**Year**").

Fair Review of Business

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

Principal Risks and Uncertainties

The Directors are aware that the Group's financial condition, results of operation, businesses and prospects may be affected by a number of risks and uncertainties.

The followings are the principal risks and uncertainties faced by the Group, which may materially adversely affect our business, financial condition or results of operations:

Difficulties in locating suitable new restaurant premises or securing leases on commercially reasonable terms

If the Group is unable to find suitable premises with commercially reasonable lease terms when it relocates or opens new restaurants, or if the Group negotiates the terms of renewal with the landlords before the expiry of the lease agreements, it cannot assure that the Group would be able to renew such lease agreements on terms acceptable to it, in which cases the Group's operation, relocation plans or expansion plans may be delayed or disrupted and its results of operation and financial conditions could be adversely affected.

Substantial cost such as rental deposits, renovation cost and cost on utensils would be incurred for the opening of new restaurants. The Group's ability to successfully open new restaurants is subject to risks and uncertainties, such as securing lease agreements for suitable locations and on reasonable terms, obtaining all the necessary licences and permits in a timely manner, recruiting qualified employees and ensuring timely delivery of renovation works. In addition, a new restaurant generally generates lower profit due to lower sales and higher start-up operating costs in the initial stage and requires a period of time from its opening to achieve the breakeven, which may place substantial strain on the managerial, operational and financial resources of the Group.

Difficulties in hiring and retaining qualified and experienced operating personnel

Statutory minimum wage rate in Hong Kong has been raised to HK$37.5 per hour with effect from 1 May 2019. If there is any further increase in the statutory minimum wage rate in Hong Kong, the Group's staff costs would likely increase correspondingly. As wages increase, competition for qualified employees also increases, which may indirectly result in a further increase the Group's staff costs. Given the competitive market environment in Hong Kong, the Group may not be able to increase its prices high enough to pass these increased staff costs onto its customers, in which case the Group's business and results of operations would be affected.

REPORT OF DIRECTORS

Principal Activities

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

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

Compliance with the Relevant Laws and Regulations

The Group has in place compliance and risk management policies and procedures, and members of the senior management are delegated with the continuing obligation to monitor adherence to and compliance with all significant legal and regulatory requirements by the Group.

In promoting food safety, the Group emphasizes active and transparent communications among all stakeholders. The Group has observed strict compliance with the applicable laws and regulations and implemented a comprehensive safety management system for the centralised kitchens of the Group, with an objective to continuously improving the Group's food quality and hygiene standards. Such standards align with international food standards.

As far as the board of Directors (the "**Board**") is aware, the Group has complied with the relevant laws and regulations that may cause a significant impact on the business and operation of the Group in the event of a material breach or non-compliance. During the Year and up to the date of this annual report, there was no material breach or non-compliance with the applicable laws and regulations by the Group.

Relationship with Suppliers, Customers and Other Stakeholders

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

Financial Results

The results of the Group for the Year are set out in the consolidated statements of profit or loss and the consolidated statement of comprehensive income on pages 59 and 60 of this annual report respectively. The state of affairs of the Group as at 31 March 2019 is set out in the consolidated statement of financial position on pages 61 and 62 of this annual report. Please also refer to the accompanying notes to the consolidated financial statements.

Cash Flow Position

The cash flow position of the Group for the Year is set out and analysed in the consolidated statement of cash flows on pages 64 and 65 of this annual report.

REPORT OF DIRECTORS

Dividends

An interim dividend of HK1.0 cent (2018: HK2.0 cents) per Share in respect of the Year, totalling approximately HK$14,112,000 (2018: HK$28,224,000), was paid on Friday, 21 December 2018.

The Board has recommended the payment of a final dividend of HK1.0 cent (2018: HK1.5 cents) per Share in respect of the Year, totalling HK$14,112,000 (2018: HK$21,168,000) to the shareholders of the Company (the "**Shareholders**") whose names will appear on the register of members of the Company (the "**Register of Members**") on Friday, 30 August 2019, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "**AGM**"). If the resolution for the proposed final dividend is passed at the forthcoming AGM, the proposed final dividend will be payable on or around Thursday, 12 September 2019.

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

Together with the interim dividend of HK1.0 cent per Share, and subject to the proposed final dividend being approved by the Shareholders at the forthcoming AGM, total dividends for the Year will amount to HK2.0 cents per Share.

Closure of Register of Members

For AGM

The Register of Members will be closed from Tuesday, 20 August 2019 to Friday, 23 August 2019 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to attend and vote at the forthcoming AGM which will be held on Friday, 23 August 2019. In order to qualify for attending and voting at the forthcoming AGM, non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited (the "**Hong Kong Branch Share Registrar**") for registration no later than 4:30 p.m. on Monday, 19 August 2019. The present address of the Hong Kong Branch Share Registrar is Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Its address will be Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019.

For dividends

The Register of Members will be closed on Thursday, 29 August 2019 and Friday, 30 August 2019, during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to receive the proposed final dividend. In order to be eligible to receive the proposed final dividend, non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Hong Kong Branch Share Registrar for registration no later than 4:30 p.m. on Wednesday, 28 August 2019. The present address of the Hong Kong Branch Share Registrar is Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Its address will be Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019.

REPORT OF DIRECTORS

Five-Year Financial Summary

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

Distributable Reserves

As at 31 March 2019, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap 22 of the Cayman Islands, amounted to HK$1,156,711,000 (31 March 2018: HK$1,413,081,000). The amount of HK$1,156,711,000 (31 March 2018: HK$1,413,081,000) includes the Company's share premium, contributed surplus and retained profits, which may be distributable, provided that immediately following the date on which the dividend is proposed to be distributed, if any, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Reserves

Movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 63 of this annual report.

Property, Plant and Equipment

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

Share Capital

Details of the Company's share capital as at 31 March 2019 are set out in note 28 to the financial statements.

Share Option Schemes

Pre-IPO Share Option Scheme

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

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

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

On 25 November 2017, all the outstanding options lapsed due to the expiry of the exercise period and the respective share option reserve of HK$9,421,000 was transferred to retained earnings.

There were no outstanding options under the Pre-IPO Share Option Scheme as at 31 March 2019.

Share Option Schemes *(Continued)*

Share Option Scheme

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

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

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised in general. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion. The relevant grantees are required to pay HK$1.00 as the consideration for the grant and submit a duly signed offer letter to the Company. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

(a) the nominal value of a Share on the date of grant of the relevant option (the "**Grant Date**");

(b) the closing price of a Share as stated in the Stock Exchange's daily quotation sheet on the Grant Date; and

(c) the average of the closing prices of a Share as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the Grant Date.

Share Option Schemes *(Continued)*

Share Option Scheme *(Continued)*

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

During the Year, no options were granted, exercised or cancelled, or lapsed under the Share Option Scheme and there were no options outstanding as at 31 March 2019.

Further details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in note 29 to the financial statements.

Directors

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

Executive Directors:
Mr. Lee Yuen Hong *(Chairman)* ("**Mr. Lee**")
Mr. Lee Tsz Kin Kenji ("**Mr. Kenji Lee**")
Ms. Lee Sin Ying ("**Ms. Christy Lee**") (appointed on 1 June 2019)

*Non-executive Directors (the "**NEDs**"):*
Mr. Cheng Chung Fan
Mr. Wong Chi Kin
Mr. Yang Dong John ("**Mr. John Yang**") (appointed on 1 April 2019)
Mr. Cheng Yu Sang (resigned on 2 April 2018)

*Independent Non-executive Directors (the "**INEDs**"):*
Mr. Goh Choo Hwee
Mr. Tang Man Tsz
Mr. Yim Kwok Man

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

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

Directors *(Continued)*

Pursuant to article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next AGM and shall then be eligible for re-election.

Accordingly, Ms. Christy Lee, Mr. Cheng Chung Fan, Mr. John Yang and Mr. Tang Man Tsz will retire by rotation and be eligible to offer themselves for re-election at the forthcoming AGM to be held on Friday, 23 August 2019.

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

Biographies of Directors and Senior Management

The biographical details of the Directors and the senior management of the Company are set out on pages 15 to 18 of this annual report.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2019, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), were as follows:

Interest in the Shares

Name of Directors	Nature of interest	Number of issued Shares held	Approximate percentage of shareholding[3]
Mr. Lee[1]	Interests held jointly with other persons; interest in a controlled corporation[2]	878,956,000 (L)	62.28%
Mr. Kenji Lee	Beneficial interest	136,000 (L)	0.01%

(L) denotes long position

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures *(Continued)*

Interest in the Shares *(Continued)*

Notes:

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

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

(2) Of the 878,956,000 Shares, 770,092,000 Shares were held by Cui Fa Limited ("**Cui Fa**"), 65,408,000 Shares were held by Ample Favour Limited and 43,456,000 Shares were held by Victor Leap Limited. As at 31 March 2019, Cui Fa was held as to approximately 49.90%, 36.12% and 13.98% by Mr. Lee, Mr. Ho and Mr. Cheung Yu To, respectively, and Mr. Lee, Mr. Ho, Mr. Cheung Yu To and Mr. Kenji Lee were the directors of Cui Fa. The issued share capital of Ample Favour Limited was held by Mr. Cheung Wai Keung and the issued share capital of Victor Leap Limited was held by Mr. Cheung Yue Pui.

(3) These percentages are calculated on the basis of 1,411,226,450 Shares in issue as at 31 March 2019.

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

Name of Directors	Nature of interest	Number of issued ordinary shares	Approximate percentage
Mr. Lee	Beneficial interest	499,000	49.90%

Save as disclosed above, as at 31 March 2019, none of the Directors, chief executive of the Company or their respective associates had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Directors' Right to Acquire Shares or Debentures

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements which enabled the Directors and the chief executives of the Company to acquire benefits by means of an acquisition of shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the Year.

Substantial Shareholders' and Other Person's Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2019, so far as the Directors or chief executive of the Company are aware, the following corporation and persons other than a Director or the chief executive of the Company had an interest or a short position in the Shares and underlying Shares, which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Nature of interest	Number of issued Shares held	Approximate percentage of shareholding[8]
Ms. Chan Choi Fung[1]	Interest of spouse	878,956,000 (L)	62.28%
Mr. Ho[2]	Interests held jointly with other persons; interest in a controlled corporation	878,956,000 (L)	62.28%
Mr. Cheung Yu To[2]	Interests held jointly with other persons; interest in a controlled corporation	878,956,000 (L)	62.28%
Mr. Cheung Yue Pui[2]	Interests held jointly with other persons; interest in a controlled corporation	878,956,000 (L)	62.28%
Mr. Cheung Wai Keung[2]	Interests held jointly with other persons; interest in a controlled corporation	878,956,000 (L)	62.28%
Ms. Woo Chun Li[3]	Interest of spouse	878,956,000 (L)	62.28%
Ms. Tai Ngan Har Talia[4]	Interest of spouse	878,956,000 (L)	62.28%
Ms. Lam Hiu Man[5]	Interest of spouse	878,956,000 (L)	62.28%
Ms. Lui Ning[6]	Interest of spouse	878,956,000 (L)	62.28%
Cui Fa[7]	Beneficial owner	770,092,000 (L)	54.57%

(L) denotes long position

Substantial Shareholders' and Other Person's Interests and Short Positions in Shares and Underlying Shares *(Continued)*

Notes:

(1) Ms. Chan Choi Fung is the wife of Mr. Lee. Under the SFO, Ms. Chan Choi Fung is taken to be interested in the same number of Shares in which Mr. Lee is interested or is deemed to be interested.

(2) Pursuant to the Deed of Confirmation, Mr. Lee, Mr. Ho, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung have agreed to jointly control their respective interests in the Company and decisions as to the business and operations of the Group shall be made in accordance with the unanimous consent of all of them. Each of Mr. Lee, Mr. Ho, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung shall exercise their respective voting rights in the Company in the same way. Hence, each of Mr. Lee, Mr. Ho, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung is deemed to be interested in all the Shares held and deemed to be held by them in aggregate by virtue of the SFO.

(3) Ms. Woo Chun Li is the wife of Mr. Cheung Wai Keung. Under the SFO, Ms. Woo Chun Li is taken to be interested in the same number of Shares in which Mr. Cheung Wai Keung is interested or is deemed to be interested.

(4) Ms. Tai Ngan Har Talia is the wife of Mr. Ho. Under the SFO, Ms. Tai Ngan Har Talia is taken to be interested in the same number of Shares in which Mr. Ho is interested or is deemed to be interested.

(5) Ms. Lam Hiu Man is the wife of Mr. Cheung Yue Pui. Under the SFO, Ms. Lam Hiu Man is taken to be interested in the same number of Shares in which Mr. Cheung Yue Pui is interested or is deemed to be interested.

(6) Ms. Lui Ning is the wife of Mr. Cheung Yu To. Under the SFO, Ms. Lui Ning is taken to be interested in the same number of Shares in which Mr. Cheung Yu To is interested or is deemed to be interested.

(7) As at 31 March 2019, Cui Fa was held as to approximately 49.90%, 36.12% and 13.98% by Mr. Lee, Mr. Ho and Mr. Cheung Yu To, respectively.

(8) These percentages are calculated on the basis of 1,411,226,450 Shares in issue as at 31 March 2019.

Save as disclosed above, as at 31 March 2019, so far as is known to the Directors or chief executive of the Company, there was no other corporation/person other than a Director or chief executive of the Company having an interest or a short position in the Shares and underlying Shares, which would be required to be disclosed to the Company pursuant to Part XV of the SFO or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Directors'/Controlling Shareholders' Interests in Transactions, Arrangements or Contracts

Save as disclosed on pages 49 to 51 of this annual report and note 37 to the financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries or associates was a party and in which any Director or controlling Shareholder (as defined in the Listing Rules) (the "**Controlling Shareholders**") had a material interest, whether directly or indirectly, subsisting at the end of the Year or at any time during the Year.

Directors' Service Contracts

Each of the executive Directors, namely Mr. Lee, Mr. Kenji Lee and Ms. Christy Lee has entered into a service agreement with the Company for a term of three years. Mr. Lee's service agreement which commenced on 5 November 2015 had been renewed for a further three-year period commencing on 1 November 2018. Mr. Kenji Lee's service agreement commenced on 1 November 2016, he had entered into two new service agreements with the Company for acting as an executive Director and the Group CEO, respectively both for three years commencing on 1 June 2019. Ms. Christy Lee's service agreement with the Company for acting as an executive Director for a term of three years commencing on 1 June 2019.

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

Mr. John Yang was appointed as a NED pursuant to his appointment letter dated 22 March 2019 for a term of three years commencing on 1 April 2019.

Mr. Yim Kwok Man and Mr. Goh Choo Hwee were appointed as INEDs pursuant to their respective letters of appointment dated 5 November 2012, for an initial term of three years commencing on the Listing Date, which had been renewed for a further three-year term commencing on 5 November 2018. Such appointments may be terminated in accordance with the terms of their letters of appointment.

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

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

Management Contracts

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

Directors' Remuneration

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

Share Award Scheme

The Company has adopted a share award scheme (the "**Share Award Scheme**") to recognise and motivate the contribution of the eligible participants, to provide incentives and help the Company in retaining its existing participants and recruiting additional participants and to provide them with a direct economic interest incentives in attaining the long-term business objectives of the Company. The Share Award Scheme was adopted by the Board on 9 August 2018 (the "**Adoption Date**") and shall be valid until the business day immediately prior to the 10th anniversary of the Adoption Date. Since the Adoption Date and up to 31 March 2019, none of the issued Shares purchased has been awarded under the Share Award Scheme.

Purchase, Sale or Redemption of Securities

On 26 September 2018, pursuant to the terms of the rules and trust deed of the Share Award Scheme, the trustee of the Share Award Scheme purchased a total of 32,624,000 issued Shares from an independent third party at a total consideration of approximately HK$27.7 million.

Save as disclosed above, during the Year, the Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

Pre-Emptive Rights

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

Equity-Linked Agreements

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Year or existed at the end of such Year.

Permitted Indemnity Provision

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

Major Customers and Suppliers

For the Year, the aggregate sales attributable to the Group's five largest customers were under 30%. The aggregate purchases attributable to the Group's five largest suppliers during the Year were 6.2%, 5.7%, 5.1%, 5.0% and 5.0%, respectively.

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

Public Float

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

Deed of Non-Competition

Certain of the Controlling Shareholders have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 7 November 2012 (the "**Deed of Non-competition**"). The Board and the INEDs are not aware of any circumstance which would affect the compliance and enforcement of the terms under the Deed of Non-competition during the Year.

Retirement Benefit Schemes

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

Continuing Connected Transactions and Related Party Transactions

(A) Non-exempt Continuing Connected Transactions Subject to Reporting, Announcement and INEDs' Review Requirements

Property lease agreements

Des Voeux Road Central Tsui Wah Restaurant

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

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

Continuing Connected Transactions and Related Party Transactions *(Continued)*

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

Property lease agreements *(Continued)*

Des Voeux Road Central Tsui Wah Restaurant (Continued)

The following sets forth the historical transaction amounts, the annual caps under the Lease Agreement A and the proposed annual caps under the relevant new lease agreement:

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

Joy Express is owned as to 40% by Mr. Lee, and Joy Express is, therefore, an associate of Mr. Lee and a connected person of the Company under the Listing Rules.

Aberdeen Tsui Wah Restaurant

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

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

The following sets forth the historical transaction amounts, the annual caps under the Lease Agreement B and the proposed annual caps under the relevant new lease agreement:

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

Champion Stage is owned as to 50% by Mr. Lee, and Champion Stage is, therefore, an associate of Mr. Lee and a connected person of the Company under the Listing Rules.

Continuing Connected Transactions and Related Party Transactions *(Continued)*

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

Property lease agreements *(Continued)*

Hung To Road Tsui Wah Restaurant and Catering Services Centre

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

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

On 17 April 2019, Success Path (as landlord) and Ever Million Rich (as tenant) entered into a new lease agreement to renew the Lease Agreement D in respect of the Hung To Road Premises for a term of one year from 18 April 2019 to 17 April 2020 and at an annual rent of HK$3,135,000.

The following sets forth the historical transaction amounts, the annual caps under Lease Agreement C and Lease Agreement D and the proposed annual caps under the relevant new lease agreement:

	For year 2017 (from 1 April 2016 to 31 March 2017) *HK$*	For year 2018 (from 1 April 2017 to 31 March 2018) *HK$*	For year 2019 (from 1 April 2018 to 31 March 2019) *HK$*	For year 2020 (from 1 April 2019 to 31 March 2020) *HK$*	For year 2021 (from 1 April 2020 to 31 March 2021) *HK$*
Hung To Road Premises	3,300,000	3,300,000	3,142,791*	3,135,000	148,042

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

Success Path is owned as to 40% by Mr. Lee, and Success Path is, therefore, an associate of Mr. Lee and a connected person of the Company under the Listing Rules.

Continuing Connected Transactions and Related Party Transactions *(Continued)*

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

Confirmations from the INEDs and the Independent Auditors

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

(i) in the ordinary and usual course of the business of the Group;

(ii) on normal or better commercial terms; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

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

Confirmations from the Company

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

(B) Related Party Transactions

Details of significant related party transactions undertaken in the normal course of business of the Group for the Year are provided under note 37 to the financial statements. None of these related party transactions constitutes a connected transaction as defined under the Listing Rules that is required to be disclosed, except for those described above in the paragraphs headed "(A) Non-exempt Continuing Connected Transactions Subject to Reporting, Announcement and INEDs' Review Requirements", in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

REPORT OF DIRECTORS

Use of Proceeds from the Listing

The issued Shares were initially listed on the Stock Exchange on 26 November 2012. The total net proceeds from the Listing which involved the issue of 383,334,000 Shares of HK$0.01 each at HK$2.27 each amounted to approximately HK$794.4 million. During the Year, the net proceeds from the Listing were utilised in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 14 November 2012 (the "**Prospectus**"). The balance of such proceeds would be utilised according to the use as disclosed in the Prospectus. Details of the use of net proceeds are set out on page 12 of this annual report. The Group held the unutilised net proceeds in short-term deposits with licensed institutions in Hong Kong.

Donations

During the Year, charitable donations of HK$171,684 were made by the Group (31 March 2018: HK$51,500).

Changes in Directors' information

During the Year, the following changes in the composition of the Board and the information of the Directors took place:

(i) the appointment of Ms. Christy Lee as an executive Director with effect from 1 June 2019;

(ii) the appointment of Mr. Kinji Lee as the Group Chief Executive Officer and his continuation to act as an executive Director with effect from 1 June 2019;

(iii) the appointment of Mr. John Yang as a non-executive Director with effect from 1 April 2019;

(iv) the resignation of Mr. Cheng Yu Sang as a non-executive Director with effect from 2 April 2018;

(v) the appointment of Mr. Wong Chi Kin, a NED, as an independent non-executive director and the chairman of the independent board committee of Shenzhou Space Park Group Limited (formerly known as China Household Holdings Limited) (Stock Code: 692) ("**Shenzhou Space**") on 9 July 2018, whose shares have been suspended for trading on the Stock Exchange since 17 July 2017;

(vi) the resignation of Mr. Goh Choo Hwee as a joint company secretary and authorized representative of Xinhua News Media Holdings Limited (Stock Code: 309) with effect from 30 November 2018; and

(vii) the appointment of Mr. Tang Man Tsz as an independent non-executive director of Shenzhou Space for the period from 9 July 2018 to 22 March 2019.

Audit Committee and Review of Financial Statements

The Audit Committee was established on 5 November 2012 with specific written terms of reference (the "**TORs**") in compliance with Rule 3.22 of the Listing Rules and code provision C.3 of the CG Code. Such written TORs were revised on 31 March 2016 and 1 January 2019 to conform with the requirements under the Listing Rules and the CG Code. It is responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any issues regarding the resignation or dismissal of the auditor. The Audit Committee also monitors the integrity of financial statements, annual reports and accounts, interim reports and quarterly reports (if prepared for publication), and reviews material financial reporting judgments therein, as well as reviews the financing control, internal control and risk management systems.

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

Corporate Governance

The principal corporate governance practices as adopted by the Company are set out in the "Corporate Governance Report" on pages 19 to 35 of this annual report.

Relief of Taxation

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

Independent Auditors

Ernst & Young, the Independent Auditors, will retire at the conclusion of the forthcoming AGM and being eligible, offer themselves for re-appointment. A resolution will be submitted to the forthcoming AGM to be held on Friday, 23 August 2019 to seek Shareholders' approval on the appointment of Ernst & Young as the Independent Auditors until the conclusion of the next AGM and to authorise the Board to fix their remuneration.

By order of the Board
Lee Yuen Hong
Chairman

Hong Kong, 28 June 2019

INDEPENDENT AUDITOR'S REPORT

EY 安永

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

Opinion

We have audited the consolidated financial statements of Tsui Wah Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 59 to 133, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Property, plant and equipment impairment assessment	
At 31 March 2019, the Group had net property, plant and equipment balance of HK$531,617,000 (after accumulated impairment of HK$27,777,000), which represented approximately 37% of the Group's total assets. An impairment assessment was conducted for property, plant and equipment of loss-making restaurants. The management considers each restaurant as an individual cash-generating unit as each restaurant generates independent cash flows, which are largely independent of the cash flows generated by other assets. The Group determines the impairment provision based on the cash flow forecasts of loss-making restaurants. The evaluation process is inherently subjective, and dependent on a number of estimates such as the sales growth rate. The significant accounting judgements and estimates and disclosure of balance of property, plant and equipment are included in notes 3.2 and 13 to the consolidated financial statements.	Our audit procedures included, among others, evaluating the Group's policies and procedures in identifying impairment indicators and assessing management's significant assumptions adopted, in particular those relating to the cash flow forecasts, by reviewing the Group's business plan, comparing with the market discount rate and inflation rate and evaluating the growth rate by comparing to market data such as forecasted number of tourists. Our procedures also included a comparison of the cash flow forecasts with historical data of the Group.
Recognition of deferred tax assets for tax losses	
At 31 March 2019, deferred tax assets recognised by the Group for tax losses in Hong Kong and Mainland China amounted to HK$1,662,000 and HK$1,803,000, respectively. At 31 March 2019, the tax impact of unrecognised tax losses in Hong Kong and Mainland China at applicable tax rates at 31 March 2019 were approximately HK$33,947,000 and HK$15,950,000, respectively. Significant management judgement is involved to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits generated by the respective companies in the Group. The significant accounting judgements and estimates and disclosures of the recognition of deferred tax assets for tax losses are included in notes 3.2 and 27 to the consolidated financial statements.	Our audit procedures included, among others, reviewing the profit forecasts and the Group's latest tax strategies and strategic business plan to ascertain if it is probable that sufficient taxable profits will be available against which the tax losses can be utilised. We discussed with management and assessed the profit forecasts and the business plan, by comparing the key assumptions such as the growth rate to market data such as the tourist growth rate and to historical data such as gross profit margins and key operating costs.

Other Information Included in the Annual Report

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

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

To the members of Tsui Wah Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

(Continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of Tsui Wah Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

(Continued)

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

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

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
28 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	5	**1,786,756**	1,839,754
Other income and gains	5	**17,505**	12,580
Cost of inventories sold		**(497,497)**	(512,382)
Staff costs		**(575,462)**	(532,219)
Depreciation and amortisation		**(104,520)**	(106,456)
Property rentals and related expenses		**(313,897)**	(338,537)
Fuel and utility expenses		**(86,206)**	(86,465)
Selling and distribution expenses		**(35,629)**	(40,557)
Other operating expenses		**(201,876)**	(166,690)
Finance costs	6	**(1,628)**	(1,645)
Share of profits of joint ventures	18	**34,138**	39,378
PROFIT BEFORE TAX	7	**21,684**	106,761
Income tax expense	10	**(16,975)**	(25,991)
PROFIT FOR THE YEAR		**4,709**	80,770
Attributable to:			
Owners of the Company		**4,741**	80,205
Non-controlling interests		**(32)**	565
		4,709	80,770
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic and diluted		**HK0.34 cent**	HK5.68 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
PROFIT FOR THE YEAR	**4,709**	80,770
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(29,722)**	53,400
Reclassification adjustments for foreign operations deregistered during the year	**–**	(596)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(25,013)**	133,574
Attributable to:		
Owners of the Company	**(24,981)**	133,009
Non-controlling interests	**(32)**	565
	(25,013)	133,574

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**531,617**	502,671
Investment properties	14	**117,333**	128,704
Prepaid land lease payments	15	**23,300**	25,576
Intangible assets	16	**6,108**	7,521
Goodwill	17	**4,354**	–
Investments in joint ventures	18	**65,345**	68,681
Prepayments and deposits paid in advance for purchase of property, plant and equipment		**20,729**	66,941
Non-current deposits and other receivables	21	**55,399**	99,714
Deferred tax assets	27	**17,895**	22,332
Total non-current assets		**842,080**	922,140
CURRENT ASSETS			
Inventories	19	**19,431**	19,062
Trade receivables	20	**6,238**	8,134
Prepayments, deposits and other receivables	21	**126,345**	92,008
Tax recoverable		**6,063**	5,805
Pledged time deposits	22	**9,206**	9,102
Cash and cash equivalents	22	**424,480**	509,987
Total current assets		**591,763**	644,098
CURRENT LIABILITIES			
Trade payables	23	**70,733**	89,104
Other payables and accruals	24	**141,403**	141,520
Interest-bearing bank borrowings	25	**62,990**	66,832
Finance lease payables	26	**209**	196
Tax payable		**4,671**	5,614
Total current liabilities		**280,006**	303,266
NET CURRENT ASSETS		**311,757**	340,832
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,153,837**	1,262,972

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT LIABILITIES			
Other payables and accruals	*24*	**41,577**	42,620
Finance lease payables	*26*	**320**	529
Deferred tax liabilities	*27*	**2,154**	3,808
Total non-current liabilities		**44,051**	46,957
Net assets		**1,109,786**	1,216,015
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*28*	**14,112**	14,112
Reserves	*30*	**1,091,460**	1,200,293
		1,105,572	1,214,405
Non-controlling interests		**4,214**	1,610
Total equity		**1,109,786**	1,216,015

Lee Yuen Hong
Director

Lee Tsz Kin Kenji
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2019

		Attributable to owners of the Company										
	Notes	Issued capital HK$'000	Share premium account HK$'000	Share option reserve HK$'000	Shares held for the share award scheme HK$'000 *(Note 30(iii))*	Statutory reserve HK$'000 *(Note 30(ii))*	Merger reserve HK$'000 *(Note 30(i))*	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2017		14,112	855,973	9,421	–	15,812	(8,434)	(55,767)	327,896	1,159,013	1,295	1,160,308
Profit for the year		–	–	–	–	–	–	–	80,205	80,205	565	80,770
Other comprehensive income/(loss) for the year:												
Exchange differences on translation of foreign operations		–	–	–	–	–	–	53,400	–	53,400	–	53,400
Reclassification adjustments for foreign operators deregistered during the year		–	–	–	–	–	–	(596)	–	(596)	–	(596)
Total comprehensive income for the year		–	–	–	–	–	–	52,804	80,205	133,009	565	133,574
2017 special dividend		–	–	–	–	–	–	–	(28,225)	(28,225)	–	(28,225)
2017 final dividend		–	–	–	–	–	–	–	(21,168)	(21,168)	–	(21,168)
2018 interim dividend	*11*	–	–	–	–	–	–	–	(28,224)	(28,224)	–	(28,224)
Capital injection by non-controlling interests		–	–	–	–	–	–	–	–	–	250	250
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(500)	(500)
Transfer to statutory reserve		–	–	–	–	3,358	–	–	(3,358)	–	–	–
Transfer of reserve funds upon deregistration of a subsidiary		–	–	–	–	(269)	–	–	269	–	–	–
Transfer of share option reserve upon lapse of share options	*29(b)*	–	–	(9,421)	–	–	–	–	9,421	–	–	–
At 31 March 2018		14,112	855,973	–	–	18,901	(8,434)	(2,963)	336,816	1,214,405	1,610	1,216,015
At 1 April 2018		**14,112**	**855,973**	**-**	**-**	**18,901**	**(8,434)**	**(2,963)**	**336,816**	**1,214,405**	**1,610**	**1,216,015**
Profit/(loss) for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,741**	**4,741**	**(32)**	**4,709**
Other comprehensive loss for the year:					**-**							
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**-**	**-**	**(29,722)**	**-**	**(29,722)**	**-**	**(29,722)**
Total comprehensive income/(loss) for the year		**-**	**-**	**-**	**-**	**-**	**-**	**(29,722)**	**4,741**	**(24,981)**	**(32)**	**(25,013)**
2018 special dividend	*11*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(21,168)**	**(21,168)**	**-**	**(21,168)**
2018 final dividend	*11*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(21,168)**	**(21,168)**	**-**	**(21,168)**
2019 interim dividend	*11*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14,112)**	**(14,112)**	**-**	**(14,112)**
Acquisition of subsidiaries	*31*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,636**	**2,636**
Transfer to statutory reserve		**-**	**-**	**-**	**-**	**2,551**	**-**	**-**	**(2,551)**	**-**	**-**	**-**
Shares purchased for the share award scheme	*30(iii)*	**-**	**-**	**-**	**(27,730)**	**-**	**-**	**-**	**326**	**(27,404)**	**-**	**(27,404)**
At 31 March 2019		**14,112**	**855,973***	**-**	**(27,730)***	**21,452***	**(8,434)***	**(32,685)***	**282,884***	**1,105,572**	**4,214**	**1,109,786**

* These reserve accounts comprise the consolidated reserves of HK$1,091,460,000 (2018: HK$1,200,293,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**21,684**	106,761
Adjustments for:			
Bank interest income	5	**(3,775)**	(3,729)
Share of profits of joint ventures		**(34,138)**	(39,378)
Depreciation of items of property, plant and equipment	7	**97,298**	101,763
Depreciation of investment properties	7	**3,408**	869
Amortisation of land lease payments	7	**694**	1,691
Amortisation of intangible assets	7	**3,120**	2,133
Write-off of items of property, plant and equipment	7	**3,131**	5,008
Gain on deregistration of subsidiaries	5	**–**	(596)
Write-off of prepayments, deposits and other receivables	7	**–**	520
Finance costs	6	**1,628**	1,645
Impairment of intangible assets	7	**6,004**	–
		99,054	176,687
Increase in inventories		**(334)**	(750)
Decrease/(increase) in trade receivables		**1,896**	(493)
Decrease/(increase) in prepayments, deposits and other receivables		**8,504**	(45,873)
Increase/(decrease) in trade payables		**(17,667)**	12,060
Increase/(decrease) in other payables and accruals		**(2,968)**	13,653
Cash generated from operations		**88,485**	155,284
Interest received		**3,775**	3,729
Interest paid		**(1,628)**	(1,645)
Hong Kong profits tax paid		**(7,547)**	(3,044)
PRC tax paid		**(9,191)**	(18,066)
Net cash flows from operating activities		**73,894**	136,258
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	13, 32(a)	**(91,578)**	(91,175)
Purchase of intangible assets	16	**(4,192)**	(4,153)
Dividends received from joint ventures		**39,049**	35,181
Increase in pledged time deposits		**(104)**	(1,004)
Acquisition of subsidiaries	31	**(7,238)**	–
Net cash flows used in investing activities		**(64,063)**	(61,151)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**–**	66,832
Repayment of bank loans		**(4,108)**	(71,485)
Capital element of finance lease rental payments		**(196)**	725
Dividends paid		**(56,122)**	(77,617)
Dividend paid to non-controlling shareholders		**–**	(500)
Capital contributions from non-controlling shareholders		**–**	250
Purchase of shares for the share award scheme	*30(iii)*	**(27,730)**	–
Net cash flows used in financing activities		**(88,156)**	(81,795)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(78,325)**	(6,688)
Cash and cash equivalents at beginning of year		**509,987**	496,604
Effect of foreign exchange rate changes, net		**(7,182)**	20,071
CASH AND CASH EQUIVALENTS AT END OF YEAR		**424,480**	509,987
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*22*	**386,934**	454,798
Non-pledged time deposits with original maturity of less than three months when acquired	*22*	**37,546**	55,189
Cash and cash equivalents as stated in the consolidated statement of financial position		**424,480**	509,987

1. Corporate and group information

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

During the year, the Company acted as an investment holding company and the Group was principally engaged in the provision of food catering services through restaurants and bakery shops in Hong Kong, the People's Republic of China (the "PRC" or "Mainland China"), Macau and Singapore.

Information about subsidiaries

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

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

1. Corporate and group information *(Continued)*

Information about subsidiaries *(Continued)*

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

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

1. Corporate and group information *(Continued)*

Information about subsidiaries *(Continued)*

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

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

1. Corporate and group information *(Continued)*

Information about subsidiaries *(Continued)*

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

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

1. Corporate and group information *(Continued)*

Information about subsidiaries *(Continued)*

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

Company name	Place of incorporation/ registration and business	Issued ordinary registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Good Core Limited 心園有限公司	Hong Kong	HK$10,000	–	100	Restaurant operation
Green Skytop Limited 天翠有限公司	Hong Kong	HK$10,000	–	75	Catering services
Time Great Limited 騰嶺有限公司	Hong Kong	HK$10,000	–	100	Restaurant operation
Excellent Lead Limited 優領有限公司	Hong Kong	HK$10,000	–	100	Restaurant operation
Mark Lucky Limited 曼新有限公司	Hong Kong	HK$10,000	–	100	Restaurant operation
Key Decision Limited 智心有限公司	Hong Kong	HK$10,000	–	100	Restaurant operation
Prospect Green Limited 興翠有限公司	Hong Kong	HK$10,000	–	100	Restaurant operation
Solar Queen Limited 美憶有限公司	Hong Kong	HK$10,000	–	100	Restaurant operation
Wholly Win Limited 加賀有限公司	Hong Kong	HK$10,000	–	100	Restaurant operation
Wealthy Strong Corporation Limited@ ("Wealth Strong") 康強有限公司（「康強」）	Hong Kong	HK$100	–	65	Investment holding

* Registered as wholly-foreign-owned enterprises under the laws of the PRC
** Registered as limited liability companies under the laws of the PRC
\# The English names of these companies represent the best effort made by the management of the Company to directly translate their Chinese names as they do not register any official English names.
@ Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

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

2.1 Basis of preparation

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019. 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 ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 Changes in accounting policies and disclosures

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15 and its amendments, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

HKFRS 9

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has applied the classification and measurement requirements (including impairment) of HKFRS 9 retrospectively as at 1 April 2018 (date of initial application) to instruments that have not been derecognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. There has been no impact on the Group's financial instruments under HKFRS 9.

Changes to the impairment model

(a) *Trade receivables*

The Group applies the simplified approach to provide for expected credit losses (the "**ECLs**") prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group of receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward-looking information. Management has closely monitored the credit qualities and the collectability of the trade receivables. Trade receivables in dispute are assessed individually for impairment to determine whether specific loss allowance provisions are required. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 April 2018.

2.2 Changes in accounting policies and disclosures *(Continued)*

HKFRS 9 *(Continued)*

Changes to the impairment model *(Continued)*

(b) *Other financial assets carried at amortised cost*

For other financial assets carried at amortised cost, including financial assets included in prepayments, deposits and other receivables, the expected credit loss is based on the 12-month expected credit loss. This represents the portion of the lifetime expected credit loss that results from default events on the financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of other financial assets at amortised cost and considers that the expected credit loss is immaterial.

As a result of the application of HKFRS 9, the Group has changed its accounting policies with respect to financial instruments, as further explained in note 3.1 to the financial statements.

HKFRS 15 and its amendments

HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in note 5 to the financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition as detailed/disclosed in note 3.1 to the financial statements.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018. The adoption of HKFRS 15 has had no material impact on the Group's financial statements.

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

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

Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 April 2020.

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

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards *(Continued)*

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt HKFRS 16 from 1 April 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. The Group had operating lease commitments under non-cancellable lease of HK$735,287,000 as at 31 March 2019. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. The Group is currently finalising the assessment of the impact of HKFRS 16. Further analysis will be finalised to determine the amount of new right-of-use assets and lease liabilities to be recognised, including, but not limited to, incremental borrowing rates for some leases and reasonably certain lease period applied for different leases.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 April 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards *(Continued)*

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 April 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 April 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

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

3.1 Summary of significant accounting policies

Investments in joint ventures

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

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

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

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

3.1 Summary of significant accounting policies *(Continued)*

Business combinations and goodwill (other than those under common control)

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.

Business combinations and goodwill

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 is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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 (or 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.

3.1 Summary of significant accounting policies *(Continued)*

Fair value measurement

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

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

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

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

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

Impairment of non-financial assets

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

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

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

3.1 Summary of significant accounting policies *(Continued)*

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

3.1 Summary of significant accounting policies *(Continued)*

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

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

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

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

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

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

Investment properties

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

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

Leasehold land	Over the lease term
Buildings	2% to 3.3%

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

3.1 Summary of significant accounting policies *(Continued)*

Intangible assets (other than goodwill)

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

Computer software

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

Trademark

Purchased trademark is stated at cost less any impairment losses and is amortised on the straight-line basis over their estimated useful lives of 8.5 years.

Leases

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

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

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

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

3.1 Summary of significant accounting policies *(Continued)*

Investments and other financial assets (policies under HKFRS 9 applicable from 1 April 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 April 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

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

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

3.1 Summary of significant accounting policies *(Continued)*

Investments and other financial assets (policies under HKAS 39 applicable before 1 April 2018)

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and receivables

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

Derecognition of financial assets (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

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.

3.1 Summary of significant accounting policies *(Continued)*

Derecognition of financial assets (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018) *(Continued)*

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

Impairment of financial assets (policies under HKFRS 9 applicable from 1 April 2018)

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

3.1 Summary of significant accounting policies *(Continued)*

Impairment of financial assets (policies under HKFRS 9 applicable from 1 April 2018) *(Continued)*

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Impairment of financial assets (policies under HKAS 39 applicable before 1 April 2018)

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

Financial assets carried at amortised cost

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

3.1 Summary of significant accounting policies *(Continued)*

Impairment of financial assets (policies under HKAS 39 applicable before 1 April 2018) *(Continued)*

Financial assets carried at amortised cost (Continued)

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

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

Financial liabilities (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Subsequent measurement

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

Loans and borrowings

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

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

3.1 Summary of significant accounting policies *(Continued)*

Derecognition of financial liabilities (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

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 (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

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

Inventories

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

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, which are not restricted as to use.

Provisions

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

Income tax

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

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

3.1 Summary of significant accounting policies *(Continued)*

Income tax *(Continued)*

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 and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

3.1 Summary of significant accounting policies *(Continued)*

Government grants

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

Revenue recognition (applicable from 1 April 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from restaurant operation is recognised at the point in time when the catering services to the customers are completed.

Revenue from the sale of food is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the food.

Rental from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised 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.

3.1 Summary of significant accounting policies *(Continued)*

Revenue recognition (policies under HKAS 18 applicable before 1 April 2018)

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

(a) from restaurant operations, when catering services have been provided to the customers;

(b) from the sale of food, when the products are sold to customers and the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the food sold;

(c) rental income from properties, in the period in which the properties are let and on the straight-line basis over the lease terms; and

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

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes option pricing model, further details of which are given in note 29 to the financial statements.

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

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

3.1 Summary of significant accounting policies *(Continued)*

Share-based payments *(Continued)*

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

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

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

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

Shares held for the Share Award Scheme

Where shares are acquired by the Share Award Scheme from the market or by electing for scrip in lieu of cash dividends, the total consideration of shares acquired from the market (including any directly attributable incremental costs) or under the scrip dividend scheme is presented as shares held for the Share Award Scheme and deducted from total equity.

Upon vesting, the related costs of the vested awarded shares purchased from the market and shares acquired under the scrip dividend scheme (dividend shares) are credited to shares held for the Share Award Scheme, with a corresponding decrease in the employee share-based compensation reserve for awarded shares and a decrease in retained earnings for dividend shares.

Other employee benefits

Retirement benefit schemes

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

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

3.1 Summary of significant accounting policies *(Continued)*

Borrowing costs

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

Dividends

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

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

Foreign currencies

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

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3.1 Summary of significant accounting policies *(Continued)*

Foreign currencies *(Continued)*

The functional currencies of certain overseas subsidiaries and joint ventures 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.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

3.2 Significant accounting judgements and estimates

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

Judgement

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3.2 Significant accounting judgements and estimates *(Continued)*

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.

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

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 March 2019 was HK$269,539,000 (2018: HK$203,839,000). Further details are contained in note 27 to the financial statements.

Impairment test of items of property, plant and equipment

Management estimates the recoverable amount of items of property, plant and equipment when an indication of impairment exists. This requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. 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. The carrying amount of property, plant and equipment at 31 March 2019 was HK$531,617,000 (2018: HK$502,671,000). No further impairment of property, plant and equipment was made in the current year. In the prior years, an impairment loss of HK$27,777,000 was recognised for certain property, plant and equipment. The impairment loss was estimated based on the recoverable amount of each individual restaurant cash generating unit and determined based on a value in use calculation using cash flow projections based on financial budgets covering a period of the remaining lease term plus the anticipated renewal period approved by senior management. Further details are contained in note 13 to the financial statements.

Impairment of other non-financial assets

The Group assesses whether there are any indicators of impairment for investment properties, prepaid land lease payments, intangible assets, investments in joint ventures and non-current deposits at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash- generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The evaluation process is inherently subjective, and dependent on a number of estimates such as the sales growth rate. Further details are contained in notes 14, 15, 16, 18 and 21 to the financial statements.

3.2 Significant accounting judgements and estimates *(Continued)*

Estimation uncertainty *(Continued)*

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. The carrying amount of goodwill at 31 March 2019 was HK$4,354,000 (2018: Nil). Further details are contained in note 17 to the financial statements.

Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 and 21 to the financial statements.

4. Operating segment information

The Group is principally engaged in the provision of food catering services through restaurants and bakery shops. Information reported to the Group's management for the purpose of resource allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

The following tables present revenue from external customers for the year and certain non-current asset information as at 31 March 2019 by geographical area.

(a) Revenue from external customers

	2019 HK$'000	2018 HK$'000
Hong Kong#	**1,156,619**	1,194,111
Mainland China	**613,428**	624,478
Others##	**16,709**	21,165
	1,786,756	1,839,754

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

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

\# Revenue from external customers located in Hong Kong includes revenue derived from the sale of food to a joint venture of the Group amounting to approximately HK$6,868,000 (2018: approximately HK$8,778,000).

\## "Others" represents revenue derived from the sale of food to joint ventures of the Group.

(b) Non-current assets

	2019 HK$'000	2018 HK$'000
Hong Kong	**380,039**	344,692
Mainland China	**330,433**	397,775
Others	**58,314**	57,627
	768,786	800,094

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

5. Revenue, other income and gains

An analysis of revenue is as follow:

	2019 HK$'000	2018 HK$'000
Revenue from contract with customers		
Income from restaurant operations transferred at a point in time	**1,763,179**	1,809,811
Sale of food transferred at a point in time	**23,577**	29,943
	1,786,756	1,839,754

Performance obligation

The performance obligation of income from restaurant operations is satisfied upon completion of the service.

The performance obligation is satisfied upon delivery of the food and payment is generally due from immediate to 60 days from delivery.

An analysis of other income and gain is as follow:

	2019 HK$'000	2018 HK$'000
Other income and gains		
Bank interest income	**3,775**	3,729
Rental income	**5,098**	2,530
Government grants *(note)*	**241**	2,602
Gain on deregistration of subsidiaries	**–**	596
Others	**8,391**	3,123
	17,505	12,580

Note:

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

6. Finance costs

	2019 HK$'000	2018 HK$'000
Interest on bank loans	**1,592**	1,618
Interest on finance leases	**36**	27
	1,628	1,645

7. Profit before tax

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

	Notes	2019 HK$'000	2018 HK$'000
Cost of inventories sold		**497,497**	512,382
Depreciation of items of property, plant and equipment	*13*	**97,298**	101,763
Depreciation of investment properties	*14*	**3,408**	869
Amortisation of land lease payments	*15*	**694**	1,691
Amortisation of intangible assets	*16*	**3,120**	2,133
Minimum lease payments under operating leases		**269,076**	253,009
Contingent rents under operating leases		**14,562**	44,318
		283,638	297,327
Employee benefit expenses (excluding directors' and chief executive's remuneration *(note 8)*):			
Wages and salaries		**521,358**	482,293
Retirement benefit scheme contributions*		**46,544**	40,483
		567,902	522,776
Auditor's remuneration		**2,524**	2,280
Write-off of items of property, plant and equipment	*13*	**3,131**	5,008
Impairment of intangible assets	*16*	**6,004**	–
Write-off of prepayments, deposits and other receivables	*21*	**–**	520
Foreign exchange differences, net		**11,795**	(6,600)

* 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 (2018: Nil).

8. Directors' and chief executive's remuneration

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

	2019 HK$'000	2018 HK$'000
Fees	**1,620**	2,640
Other emoluments:		
Salaries, allowances and benefits in kind	**5,886**	6,720
Pension scheme contributions	**54**	83
	7,560	9,443

(a) Independent non-executive directors

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

	2019 HK$'000	2018 HK$'000
Mr. Yim Kwok Man	**180**	180
Mr. Goh Choo Hwee	**180**	180
Mr. Tang Man Tsz	**180**	180
	540	540

There were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

8. Directors' and chief executive's remuneration *(Continued)*

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

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 March 2019				
Executive directors:				
Mr. Lee Yuen Hong	–	1,440	18	1,458
Mr. Lee Tsz Kin Kenji^	–	840	18	858
	–	2,280	36	2,316
Non-executive directors:				
Mr. Wong Chi Kin	900	–	–	900
Mr. Cheng Chung Fan	180	–	–	180
Mr. Cheng Yu Sang#	–	6	–	6
	1,080	6	–	1,086
Chief executive:				
Mr. Pang Kwing Ho*	–	3,600	18	3,618
	1,080	5,886	54	7,020

^ Appointed as the chief executive officer with effect from 1 June 2019 and will continue to act as an executive director

Resigned as a non-executive director with effect from 2 April 2018

* Resigned as the chief executive officer with effect from 1 June 2019

8. Directors' and Chief Executive's Remuneration *(Continued)*

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

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

^ Resigned as an executive director with effect from 1 November 2017.

9. Five highest paid employees

The five highest paid employees during the year included a director and the chief executive (2018: two directors and the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2018: two) highest paid employees for the year who are neither a director nor chief executive of the Company are as follows:

	2019 **HK$'000**	2018 HK$'000
Salaries, allowances and benefits in kind	**5,459**	2,776
Pension scheme contributions	**36**	27
	5,495	2,803

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

	2019	2018
Nil to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**2**	–
	3	2

During the prior years, share options were granted to the non-director and non-chief executive highest paid employees in respect of his services to the Group, further details of which are included in the disclosures in note 29 to the financial statements.

10. Income tax expense

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2018: 16.5%) during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	2019 **HK$'000**	2018 HK$'000
Current — Hong Kong		
Charge for the year	**9,398**	10,890
Overprovision in prior years	**(478)**	(3,067)
Current — Elsewhere		
Charge for the year	**6,334**	17,653
Underprovision in prior years	**193**	291
Deferred tax *(note 27)*	**1,528**	224
Total tax charge for the year	**16,975**	25,991

10. Income Tax Expense *(Continued)*

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

	Year ended 31 March 2019					
	Hong Kong		**PRC**		**Total**	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Profit/(loss) before tax	**(1,745)**		**23,429**		**21,684**	
Tax at the statutory tax rates	**(288)**	**16.5**	**5,857**	**25.0**	**5,569**	**25.7**
Adjustment in respect of current tax of previous periods	**(478)**	**27.4**	**193**	**0.8**	**(285)**	**(1.3)**
Income not subject to tax	**(367)**	**21.0**	**–**	**–**	**(367)**	**(1.7)**
Expenses not deductible for tax	**4,146**	**(237.6)**	**1,684**	**7.2**	**5,830**	**26.9**
Temporary differences not recognised	**(764)**	**43.8**	**824**	**3.5**	**60**	**0.3**
Tax losses recognised from previous periods	**(1,980)**	**113.5**	**–**	**–**	**(1,980)**	**(9.1)**
Tax losses not recognised	**12,874**	**(737.8)**	**907**	**3.9**	**13,781**	**63.5**
Profits attributable to joint ventures	**(5,633)**	**322.8**	**–**	**–**	**(5,633)**	**(26.0)**
Tax charge at the Group's effective rates	**7,510**	**(430.4)**	**9,465**	**40.4**	**16,975**	**78.3**

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

The share of tax attributable to joint ventures amounting to HK$7,227,000 (2018: HK$5,469,000) for the year ended 31 March 2019 is included in "Share of profits of joint ventures" in the consolidated statement of profit or loss.

11. Dividends

	2019 **HK$'000**	2018 HK$'000
Interim — HK1.0 cent (2018: HK2.0 cents) per ordinary share	**14,112**	28,224
Final dividend proposed after the end of the reporting period		
— HK1.0 cent (2018: HK1.5 cents) per ordinary share	**14,112**	21,168
Special dividend proposed after the end of the reporting period		
— Nil (2018: HK1.5 cents) per ordinary share	**–**	21,168
	28,224	70,560

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on 23 August 2019.

12. Earnings per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings per share amount for the Year is based on the profit for the year of HK$4,741,000 (2018: HK$80,205,000) attributable to ordinary equity holders of the Company and the weighted average number of 1,411,226,450 ordinary Shares (2018: 1,411,226,450 ordinary Shares) in issue.

The Group had no potentially dilutive ordinary shares in issue during the Year and Year 2018. Accordingly, there were no diluted earnings per share for the Year and Year 2018.

13. Property, plant and equipment

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Catering and other equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 March 2019							
At 31 March 2018 and 1 April 2018:							
Cost	319,894	387,090	92,217	221,821	7,506	–	1,028,528
Accumulated depreciation and impairment	(37,119)	(270,876)	(47,228)	(164,459)	(6,175)	–	(525,857)
Net carrying amount	282,775	116,214	44,989	57,362	1,331	–	502,671
At 1 April 2018, net of accumulated depreciation and impairment	282,775	116,214	44,989	57,362	1,331	–	502,671
Additions	33,094	62,164	3,185	36,237	541	4,034	139,255
Write-off	(157)	(2,823)	(44)	(107)	–	–	(3,131)
Acquisition of subsidiaries (note 31)	–	1,496	288	750	1	–	2,535
Depreciation provided during the year	(10,052)	(46,122)	(6,195)	(34,029)	(900)	–	(97,298)
Exchange realignment	(4,741)	(3,570)	(2,489)	(1,611)	(4)	–	(12,415)
At 31 March 2019, net of accumulated depreciation and impairment	300,919	127,359	39,734	58,602	969	4,034	531,617
At 31 March 2019:							
Cost	347,725	436,279	91,191	250,137	8,047	4,034	1,137,413
Accumulated depreciation and impairment	(46,806)	(308,920)	(51,457)	(191,535)	(7,078)	–	(605,796)
Net carrying amount	300,919	127,359	39,734	58,602	969	4,034	531,617

13. Property, plant and equipment *(Continued)*

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

The Group's land and buildings with a net carrying amount of HK$198,668,000 (2018: HK$206,205,000) and HK$102,251,000 (2018: HK$76,570,000) are situated in Hong Kong and Mainland China, respectively.

At 31 March 2019, certain of the Group's land and buildings with a net carrying amount of approximately HK$197,675,000 (2018: HK$205,192,000) were pledged to secure a mortgage loan granted to the Group (note 25).

14. Investment properties

	HK$'000
31 March 2019	
At 31 March 2018 and 1 April 2018	
Cost	140,316
Accumulated depreciation and impairment	(11,612)
Net carrying amount	128,704
Depreciation provided during the year	(3,408)
Exchange realignment	(7,963)
At 31 March 2019, net of accumulated depreciation and impairment	**117,333**
At 31 March 2019	
Cost	**132,700**
Accumulated depreciation and impairment	**(15,367)**
Net carrying amount	**117,333**

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

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

The Group's investment properties consist of one commercial and one industrial properties in Shanghai. The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and industrial, based on nature, characteristics and risks of each property.

14. Investment properties *(Continued)*

The aggregate fair value of the Group's investment properties at 31 March 2019 was HK$146,384,000 (2018: HK$148,797,000) based on a valuation carried out by Roma Group Limited, an independent qualified professional valuer not connected with the Group, using market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location and conditions of the properties under review. Each year, the Group appoints an external valuer to conduct valuation on the Group's properties, and the selection criteria include market knowledge, reputation, independence and maintenance of professional standards. The Group has adopted the cost model under HKAS 40 to account for its investment properties, and accordingly, the carrying amounts of the investment properties were not adjusted to the revalued amount at the year end. Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2019 are as follows:

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 35.

	Fair value measurement as at 31 March 2019 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Industrial properties	–	–	**80,675,000**	**80,675,000**
Commercial properties	–	–	**65,709,000**	**65,709,000**
			146,384,000	**146,384,000**

	Fair value measurement as at 31 March 2018 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Industrial properties	–	–	82,250,000	82,250,000
Commercial properties	–	–	66,547,000	66,547,000
			148,797,000	148,797,000

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2018: Nil).

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

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

15. Prepaid land lease payments

	Note	2019 HK$'000	2018 HK$'000
Carrying amount at 1 April		**26,318**	69,519
Recognised during the year		**(694)**	(1,691)
Transfer to investment properties	*14*	**–**	(44,086)
Exchange realignment		**(1,628)**	2,576
Carrying amount at 31 March		**23,996**	26,318
Current portion included in prepayments, deposits and other receivables		**(696)**	(742)
Non-current portion		**23,300**	25,576

16. Intangible assets

	Note	Trademark HK$'000	Computer software HK$'000	Total HK$'000
31 March 2019				
Cost at 1 April 2018, net of accumulated amortisation		**–**	**7,521**	**7,521**
Additions		**–**	**4,192**	**4,192**
Acquisition of subsidiaries	*31*	**3,519**	**–**	**3,519**
Amortisation provided during the year	*7*	**(103)**	**(3,017)**	**(3,120)**
Impairment	*7*	**–**	**(6,004)**	**(6,004)**
At 31 March 2019		**3,416**	**2,692**	**6,108**
At 31 March 2019:				
Cost		**3,519**	**16,416**	**19,935**
Accumulated amortisation and impairment		**(103)**	**(13,724)**	**(13,827)**
Net carrying amount		**3,416**	**2,692**	**6,108**

16. Intangible assets *(Continued)*

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

17. Goodwill

	Note	HK$'000
At 1 April 2017, 31 March 2018 and 1 April 2018		
Cost and carrying amount net of accumulated impairment		–
Acquisition of subsidiaries	*31*	4,354
At 31 March 2019:		
Cost and carrying amount net of accumulated impairment		**4,354**

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to restaurant operation upon the acquisition of the Wealthy Strong Corporation Limited and its subsidiaries ("Wealthy Strong Group") in the current year. Further details of the acquisition are contained in note 31 to the financial statements.

Restaurant operation among Wealthy Strong Group

The recoverable amount of the restaurant operation cash-generating unit was determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 13.3% and cash flows beyond the five-year period were extrapolated using a growth rate of 2.5%, which was the same as the long term average growth rate of the restaurant operation industry.

18. Investments in joint ventures

	2019 HK$'000	2018 HK$'000
Share of net assets	**65,345**	68,681

A loan to a joint venture and the amounts due from joint ventures included in the Group's other receivables (note 21) as at 31 March 2019 totalling HK$7,630,000 (2018: HK$9,196,000) and HK$4,344,000 (2018: HK$17,621,000), respectively, were unsecured, interest-free and had no fixed terms of repayment.

Amounts due to a joint venture included in the Group's other payables (note 24) as at 31 March 2019 totalling HK$2,199,000 (2018: HK$1,523,000) were unsecured, interest-free and had no fixed terms of repayment.

The Group's trade receivable balances with the joint ventures as at 31 March 2019 totalling HK$2,988,000 (2018: HK$4,340,000) are disclosed in note 20 to the financial statements.

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

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

The above investment is indirectly held by the Company.

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

18. Investments in joint ventures *(Continued)*

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

	2019 **HK$'000**	2018 HK$'000
Cash and cash equivalents	**84,012**	73,837
Other current assets	**6,643**	9,778
Total current assets	**90,655**	83,615
Non-current assets	**22,940**	22,829
Current liabilities	**(30,494)**	(24,120)
Net assets	**83,101**	82,324
Reconciliation to the Group's investment in the joint venture:		
Proportion of the Group's ownership	**70%**	70%
Group's share of net assets of the joint venture	**58,171**	57,627
Carrying amount of the investment	**58,171**	57,627
Revenue	**191,469**	180,927
Tax	**(7,206)**	(7,384)
Profit for the year	**54,275**	53,890
Dividend received	**37,449**	33,981

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

	2019 **HK$'000**	2018 HK$'000
Share of the joint ventures profit/(loss) for the year	**(3,855)**	1,655
Carrying amount of the Group's investments in the joint ventures	**7,174**	11,054

19. Inventories

	2019 **HK$'000**	2018 HK$'000
Food and beverage, and other operating items for restaurant operations	**19,431**	19,062

20. Trade receivables

	2019 HK$'000	2018 HK$'000
Trade receivables	**6,238**	8,134

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

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

	2019 HK$'000	2018 HK$'000
Less than one month	**2,268**	4,101
One month to two months	**3,970**	4,033
	6,238	8,134

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

	2019 HK$'000	2018 HK$'000
Neither past due nor impaired	**3,999**	6,488
Less than one month past due	**2,239**	1,646
	6,238	8,134

Impairment of trade receivable under HKFRS 9 for the year ended 31 March 2019

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. As at 31 March 2019, the Group assessed that the loss allowance under the application of HKFRS 9 was minimal.

20. Trade receivables *(Continued)*

Impairment of trade receivable under HKAS 39 for the year ended 31 March 2018

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

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

Included in the Group's trade receivables were amounts due from the Group's joint ventures of HK$2,988,000 (2018: HK$4,340,000) as at 31 March 2019 (note 18), which were repayable on credit terms similar to those offered to the major customers of the Group.

21. Prepayments, deposits and other receivables

	2019 **HK$'000**	2018 HK$'000
Prepayments	**32,529**	33,346
Deposits	**101,050**	101,218
Other receivables	**36,191**	30,341
A loan to a joint venture *(note 18)*	**7,630**	9,196
Amounts due from joint ventures *(note 18)*	**4,344**	17,621
	181,744	191,722
Current portion included in prepayments, deposits and other receivables	**(126,345)**	(92,008)
Non-current portion included in non-current deposits and other receivables	**55,399**	99,714

Impairment of other receivables

The carrying amount of other receivables approximated to their fair value as at 31 March 2019. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as at 31 March 2019 is considered to be minimal.

As at 31 March 2019, the Group has pledged time deposits, with details included in notes 22 and 34 to the financial statements, of HK$9,206,000 (2018: HK$9,102,000) to secure the Group's bank guarantee facilities in lieu of rental deposits.

As at 31 March 2018, there were write-offs of prepayments, deposits and other receivables of HK$520,000. Except for the above write-off, none of the above assets was either past due or impaired and there was no history of default.

22. Cash and cash equivalents

	Note	2019 HK$'000	2018 HK$'000
Time deposits		**46,752**	64,291
Less: Pledged time deposits	*34*	**(9,206)**	(9,102)
Non-pledged time deposits		**37,546**	55,189
Cash and bank balances		**386,934**	454,798
Cash and cash equivalents as stated in the consolidated statement of financial position		**424,480**	509,987
Cash and cash equivalent as stated in the consolidated statement of cash flows are represented by			
Cash and cash equivalents denominated in:			
HK$		**235,351**	252,383
Renminbi ("RMB")		**189,129**	257,604
		424,480	509,987

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

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

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

23. Trade payables

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

	2019 HK$'000	2018 HK$'000
Less than one month	**45,304**	56,013
One to two months	**25,429**	33,091
	70,733	89,104

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

24. Other payables and accruals

	2019 HK$'000	2018 HK$'000
Other payables	**84,090**	90,065
Amount due to a joint venture *(note 18)*	**2,199**	1,523
Accruals	**96,691**	92,552
	182,980	184,140
Current portion included in other payables and accruals	**(141,403)**	(141,520)
Non-current portion included in non-current other payables and accruals	**41,577**	42,620

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

25. Interest-bearing bank borrowings

	2019			2018		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – secured	**1 Month Hong Kong Interbank Offered Rate ("HIBOR")+1.00%**	**On demand**	**62,990**	1 Month HIBOR+1.00%	On demand	66,832

	2019 HK$'000	2018 HK$'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**62,990**	66,832

The Group's bank loans are secured by mortgages over the Group's land and buildings, which had an aggregate carrying value at the end of the reporting year of approximately HK$197,675,000 (2018: HK$205,192,000) (note 13).

All the Group's bank loans as at 31 March 2019 containing an on-demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable on demand.

25. Interest-bearing bank borrowings *(Continued)*

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

	2019 HK$'000	2018 HK$'000
Bank loans:		
Within one year	**3,619**	4,037
In the second year	**3,715**	4,105
In the third to fifth years, inclusive	**11,718**	12,759
Beyond five years	**43,938**	45,931
	62,990	66,832

26. Finance lease payables

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

At 31 March 2019, the Group's total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Amounts payable:				
Within one year	**232**	232	**226**	226
In the second year	**232**	232	**213**	213
In the third to fifth years, inclusive	**100**	332	**87**	289
Total minimum finance lease payments	**564**	796	**526**	728
Future finance charges	**(35)**	(71)		
Total net finance lease payables	**529**	725		
Portion classified as current liabilities	**(209)**	(196)		
	320	529		

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

27. Deferred tax

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

Deferred tax assets

	Others HK$'000	Depreciation in excess of related depreciation allowance HK$'000	Losses available for offsetting against future taxable profit HK$'000	Total HK$'000
At 1 April 2017	7,005	11,945	–	18,950
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year *(note 10)*	(613)	(445)	3,553	2,495
Exchange realignment	702	–	185	887
At 1 April 2018	7,094	11,500	3,738	22,332
Deferred tax charged to the consolidated statement of profit or loss during the year *(note 10)*	(1,063)	(2,483)	(213)	(3,759)
Exchange realignment	(618)	–	(60)	(678)
At 31 March 2019	**5,413**	**9,017**	**3,465**	**17,895**

27. Deferred tax *(Continued)*

Deferred tax liabilities

	Others HK$'000	Acquisition of subsidiaries HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Total HK$'000
At 1 April 2017	51	–	1,032	1,083
Deferred tax charged to the consolidated statement of profit or loss during the year *(note 10)*	–	–	2,719	2,719
Exchange realignment	6	–	–	6
At 1 April 2018	57	–	3,751	3,808
Deferred tax recognised *(note 31)*	–	581	–	581
Deferred tax credited to the consolidated statement of profit or loss during the year *(note 10)*	–	(17)	(2,214)	(2,231)
Exchange realignment	(4)	–	–	(4)
At 31 March 2019	**53**	**564**	**1,537**	**2,154**

Certain subsidiaries of the Group had tax losses arising in Hong Kong in total of HK$205,739,000 (2018: HK$139,715,000) as at 31 March 2019, that are available indefinitely for offsetting against their future taxable profits of those companies in which the losses arose. The Group also has tax losses arising in the PRC of HK$63,800,000 (2018: HK$64,124,000) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised. At the end of the reporting period, the tax impact of unrecognised tax losses in Hong Kong and Mainland China at applicable tax rates at 31 March 2019 were approximately HK$33,947,000 (2018: HK$23,053,000) and HK$15,950,000 (2018: HK$16,031,000), respectively.

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

27. Deferred Tax *(Continued)*

At 31 March 2019, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$165,849,000 at 31 March 2019 (2018: HK$160,571,000).

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

28. Issued capital

	Number of ordinary shares of HK$0.01 each	Nominal value of ordinary shares HK$'000
Authorised:		
As at 31 March 2018 and 31 March 2019	10,000,000,000	100,000
Issued and fully paid:		
As at 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	1,411,226,450	14,112

29. Share option schemes

(a) Share option scheme

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

No share options have been granted under the Share Option Scheme since it became effective. Therefore, no share options were exercised or cancelled, or lapsed during the current year and no share options were outstanding under the Share Option scheme as at 31 March 2019 and 31 March 2018.

29. Share option schemes *(Continued)*

(b) Pre-IPO share option scheme

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

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

For the year ended 31 March 2018, all the outstanding share options lapsed due to the expiry of the exercise period and the respective share option reserve of HK$9,421,000 was transferred to retained profits.

There were no outstanding share options under the Pre-IPO Share Option Scheme as at 31 March 2019.

30. Reserves

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

(i) Merger reserve

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

(ii) Statutory reserve

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

(iii) Shares held for share award scheme

On 26 September 2018, the Company purchased 32,624,000 shares at HK$0.85 each at the consideration of HK$27,730,000 for the adoption of the share award scheme (the"Scheme"). The purposes of the Scheme is to recognise and incentivise certain employees, directors, agent and consultant (the "Participants") and to recruit additional Participants and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

31. Business combination

On 21 December 2018, the Group entered into a sale and purchase agreement with Rich Sunny Corporation Limited, an independent third party, for the acquisition of 65% of the issued shares of Wealthy Strong Group. Wealthy Strong is an investment holding company incorporated in Hong Kong. Its directly wholly-owned subsidiaries are principally engaged in restaurant operation in Hong Kong. The purchase consideration of HK$9,250,000 was paid by cash. The fair values of the identifiable assets and liabilities of Wealthy Strong as the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition HK$'000**
Intangible assets	*16*	3,519
Property, plant and equipment	*13*	2,535
Inventories		35
Prepayment, deposits and other receivables		2,825
Cash and cash equivalents		2,012
Trade payables		(937)
Other payables and accruals		(1,520)
Interest-bearing bank borrowings		(266)
Deferred tax liabilities	*27*	(581)
Tax payable		(90)
Total identifiable net assets at fair value		7,532
Less: Non-controlling interest of 35%		(2,636)
Net assets acquired		4,896
Goodwill on acquisition	*17*	4,354
Consideration		9,250
Satisfied by:		
Cash		9,250

31. Business combination *(Continued)*

The Group incurred transaction costs of HK$684,000 for this acquisition. These transaction costs have been expensed and are included in other operating expenses in the consolidated statement of profit or loss.

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

	HK$'000
Cash consideration	9,250
Cash and bank balances acquired	(2,012)
Net outflow of cash and cash equivalents included in cash flows from investing activities	7,238

Since the acquisition, Wealth Strong Group has generated a profit of HK$49,000 to the Group's consolidated profit for the year ended 31 March 2019.

Had the combination taken place at the beginning of the year, the profit of the Group for the year would have been HK$178,900.

32. Note to the consolidated statement of cash flows

(a) Major non-cash transaction

During the current year, the Group recognised the estimated obligations, included in the Group's property, plant and equipment, of HK$1,465,000 (2018: HK$1,890,000) to dismantle, remove and restore certain items of property, plant and equipment in respect of the restaurants under operating leases.

During the current year, the Group transferred prepayments and deposits paid in advance for purchase of property, plant and equipment of HK$55,691,000 (2018: Nil) to property, plant and equipment.

During the current year, the Group transferred other receivables of HK$1,526,000 (2018: Nil) to an investment in a joint venture.

32. Note to the consolidated statement of cash flows *(Continued)*

(b) Changes in liabilities arising from financing activities:

2019

	Interest-bearing bank borrowings HK$'000	**Finance lease payables HK$'000**
At April 2018	66,832	725
Increase arising from acquisition of subsidiaries	266	–
Repayment of bank loans	(4,108)	(196)
At March 2019	**62,990**	**529**

2018

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

33. Contingent liabilities

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

	2019 HK$'000	2018 HK$'000
Bank guarantees in favour of landlords in lieu of rental deposits	**9,199**	9,095

34. Pledge of assets

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 25 to the financial statements. The Group's bank guarantees in lieu of rental deposits are secured by the pledged time deposits of the Group and are included in note 22 to the financial statements, amounting to HK$9,206,000 (2018: HK$9,102,000).

35. Operating lease arrangements

(a) As lessor

The Group leases its investment properties (note 14 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from one to fifteen months. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2019, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	3,683	3,817
In the second to fifth years, inclusive	607	647
	4,290	4,464

(b) 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 nine years.

At 31 March 2019, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	240,997	249,789
In the second to fifth years, inclusive	462,048	448,141
After five years	32,242	49,031
	735,287	746,961

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

36. Commitments

In addition to the operating lease commitments detailed in note 35 above, the Group had the following capital commitments at the end of the reporting period.

	2019 HK$'000	2018 HK$'000
Contracted, but not provided for:		
Leasehold improvements	**19,141**	13,802
Intangible assets	**4,503**	4,341
	23,644	18,143

37. Related party transactions

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

	Notes	**2019 HK$'000**	2018 HK$'000
Sales of food to joint ventures	*(a)*	**23,577**	29,943
Rental fees paid and payable to:			
Success Path Limited	*(b)*	**2,987**	3,208
Champion Stage Limited	*(b)*	**2,223**	2,275
Joy Express Limited	*(b)*	**13,281**	13,662

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

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

Notes:

(a) The selling prices of food sold to joint ventures were mutually agreed between the parties, which approximated the market rates.

(b) These related parties are controlled by the current and former directors of the Company, namely Mr. Lee Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Wai Keung and Mr. Cheung Yue Pui. Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Wai Keung and Mr. Cheung Yue Pui are the former directors of the Company. The rental fees were determined between the Group and the parties with reference to market rate.

37. Related party transactions *(Continued)*

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

	2019 HK$'000	2018 HK$'000
Short term employee benefits	**11,496**	11,596
Post-employment benefits	**72**	92
	11,568	11,688

38. Financial instruments by category

As at 31 March 2019, all the financial assets of the Group were at amortised cost (2018: loans and receivables).

As at 31 March 2019 and 2018, all financial liabilities of the Group were at amortised cost.

39. Fair value and fair value hierarchy of financial instruments

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

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

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

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

The fair values of the interest-bearing bank borrowings 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 interest-bearing bank borrowings as at 31 March 2019 was assessed to be insignificant.

39. Fair value and fair value hierarchy of financial instruments *(Continued)*

Fair value hierarchy

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

The Group did not have any financial assets measured at fair value as at 31 March 2019 and 2018.

Liabilities for which fair values are disclosed:

	Fair value measurement using			
HK$'000	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
As at 31 March 2019				
Interest-bearing bank borrowings	**–**	**62,990**	**–**	**62,990**
Finance lease payables				
— non-current portion	**–**	**320**	**–**	**320**
	–	**63,310**	**–**	**63,310**
As at 31 March 2018				
Interest-bearing bank borrowings	–	66,832	–	66,832
Finance lease payables				
— non-current portion	–	529	–	529
	–	67,361	–	67,361

40. Financial risk management objectives and policies

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

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

40. Financial risk management objectives and policies *(Continued)*

Interest rate risk

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

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000
2019		
HK$	**100**	**(630)**
HK$	**(100)**	**630**
2018		
HK$	100	(668)
HK$	(100)	668

Foreign currency risk

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

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

	Increase/ (decrease) in profit before tax HK$'000
31 March 2019	
If the Hong Kong dollar weakens against RMB by 5%	**1,843**
If the Hong Kong dollar strengthens against RMB by 5%	**(1,843)**
31 March 2018	
If the Hong Kong dollar weakens against RMB by 5%	4,494
If the Hong Kong dollar strengthens against RMB by 5%	(4,494)

40. Financial risk management objectives and policies *(Continued)*

Liquidity risk

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

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

	Less than one year or on demand HK$'000	Above one year HK$'000	Total HK$'000
31 March 2019			
Trade payables	**70,733**	**–**	**70,733**
Financial liabilities included in other payables and accruals	**96,152**	**41,577**	**137,729**
Finance lease payables	**232**	**332**	**564**
Interest-bearing bank borrowings	**63,941**	**–**	**63,941**
Bank guarantees in lieu of rental deposits	**9,206**	**–**	**9,206**
	240,264	**41,909**	**282,173**
31 March 2018			
Trade payables	89,104	–	89,104
Financial liabilities included in other payables and accruals	98,230	42,620	140,850
Finance lease payables	232	564	796
Interest-bearing bank borrowings	67,322	–	67,322
Bank guarantees in lieu of rental deposits	9,102	–	9,102
	263,990	43,184	307,174

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 2019 and 31 March 2018.

40. Financial risk management objectives and policies *(Continued)*

Capital management *(Continued)*

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

	2019 HK$'000	2018 HK$'000
Interest-bearing bank borrowings	**62,990**	66,832
Finance lease payables	**529**	725
	63,519	67,557
Equity attributable to owners of the Company	**1,105,572**	1,214,405
Gearing ratio	**5.7%**	5.6%

41. Statement of financial position of the company

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

	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**1,008,941**	1,202,754
CURRENT ASSETS		
Prepayments, deposits and other receivables	**2,547**	86
Due from subsidiaries	**189,625**	206,231
Cash and bank balances	**39,482**	90,615
Total current assets	**231,654**	296,932
CURRENT LIABILITIES		
Other payables and accruals	**18**	33
Due to subsidiaries	**97,484**	72,460
Total current liabilities	**97,502**	72,493
NET CURRENT ASSETS	**134,152**	224,439
Net assets	**1,143,093**	1,427,193
EQUITY		
Share capital	**14,112**	14,112
Reserves *(Note)*	**1,128,981**	1,413,081
Total equity	**1,143,093**	1,427,193

41. Statement of financial position of the company *(Continued)*

Note:

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

	Note	Share premium account HK$'000	Contributed surplus HK$'000	Shares held for share award scheme HK$'000	Share option reserve HK$'000	Retained profits/ (accumulated loss HK$'000	Total HK$'000
At 1 April 2017		855,973	1,200,754	–	9,421	6,996	2,073,144
Loss and total comprehensive loss for the year		–	–	–	–	(582,446)	(582,446)
Transfer of share option reserve upon lapse of share options		–	–	–	(9,421)	9,421	–
2017 special dividend		–	–	–	–	(28,225)	(28,225)
2017 final dividend		–	–	–	–	(21,168)	(21,168)
2018 interim dividend		–	–	–	–	(28,224)	(28,224)
At 31 March 2018 and 1 April 2018		855,973	1,200,754	–	–	(643,646)	1,413,081
Loss and total comprehensive loss for the year		–	–	–	–	(200,248)	(200,248)
2018 final dividend		–	–	–	–	(21,168)	(21,168)
2018 special dividend		–	–	–	–	(21,168)	(21,168)
Shares purchased for share award scheme	30(iii)	–	–	(27,730)	–	326	(27,404)
2019 interim dividend		–	–	–	–	(14,112)	(14,112)
At 31 March 2019		**855,973**	**1,200,754**	**(27,730)**	**–**	**(900,016)**	**1,128,981**

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

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

42. Comparative amounts

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

43. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 28 June 2019.

PARTICULARS OF INVESTMENT PROPERTIES

31 March 2019

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results of the Group for the five years ended 31 March 2015, 2016, 2017, 2018 and 2019 and the consolidated assets, liabilities and non-controlling interests of the Group as at 31 March 2015, 2016, 2017, 2018 and 2019 as extracted from the Company's published audited financial statements.

Results

	Year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**1,786,756**	1,839,754	1,845,405	1,867,646	1,801,000
PROFIT BEFORE TAX	**21,684**	106,761	127,980	109,633	190,076
Income tax expense	**(16,975)**	(25,991)	(37,282)	(37,162)	(32,485)
PROFIT FOR THE YEAR	**4,709**	80,770	90,698	72,471	157,591
Profit attributable to:					
Owners of the Company	**4,741**	80,205	90,483	71,675	157,407
Non-controlling interests	**(32)**	565	215	796	184
	4,709	80,770	90,698	72,471	157,591

Assets, Liabilities and Non-Controlling Interests

	As at 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**1,433,843**	1,566,238	1,482,717	1,505,022	1,564,188
TOTAL LIABILITIES	**(324,057)**	(350,223)	(322,409)	(334,525)	(331,982)
	1,109,786	1,216,015	1,160,308	1,170,497	1,232,206
EQUITY:					
Equity attributable to owners of the Company	**1,105,572**	1,214,405	1,159,013	1,169,417	1,231,922
Non-controlling interests	**4,214**	1,610	1,295	1,080	284
	1,109,786	1,216,015	1,160,308	1,170,497	1,232,206

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