



翠華餐廳®
Tsui Wah Restaurant

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



ANNUAL REPORT 年報
2015

CONTENTS

Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	8
Biographies of Directors and Senior Management	16
Corporate Governance Report	21
Environmental, Social and Governance Report	34
Report of Directors	45
Independent Auditors' Report	61
Consolidated Statement of Profit or Loss	63
Consolidated Statement of Comprehensive Income	64
Consolidated Statement of Financial Position	65
Consolidated Statement of Changes in Equity	67
Consolidated Statement of Cash Flows	68
Notes to Financial Statements	70
Five-Year Financial Summary	124



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Lee Yuen Hong (*Chairman*)
Mr. Ho Ting Chi
Mr. Cheung Yu To
Mr. Cheung Yue Pui

NON-EXECUTIVE DIRECTOR

Mr. Cheung Wai Keung (*ceased as an executive director and redesignated as a non-executive director on 16 August 2014*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Goh Choo Hwee
Mr. Wong Chi Kin
Mr. Yim Kwok Man

AUTHORISED REPRESENTATIVE

Mr. Lee Yuen Hong
Mr. Yang Dong John
(*ceased on 3 February 2015*)
Mr. Pang Chung Fai Benny
(*appointed on 3 February 2015*)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Goh Choo Hwee (*Chairman*)
Mr. Wong Chi Kin
Mr. Lee Yuen Hong

NOMINATION COMMITTEE

Mr. Wong Chi Kin (*Chairman*)
Mr. Goh Choo Hwee
Mr. Lee Yuen Hong

COMPANY SECRETARY

Mr. Yang Dong John
(*ceased on 3 February 2015*)
Mr. Pang Chung Fai Benny
(*appointed on 3 February 2015*)

LEGAL ADVISERS

Pang & Co. in association with Loeb & Loeb LLP
21/F, CCB Tower
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Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
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Central, Hong Kong

COMPLIANCE ADVISER

Fortune Financial Capital Limited
35/F, Office Tower Convention Plaza
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Wanchai
Hong Kong

REGISTERED OFFICE

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P.O. Box 2681
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Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

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

COMPANY WEBSITE ADDRESS

www.tsuiwah.com

HONG KONG SHARE REGISTRAR

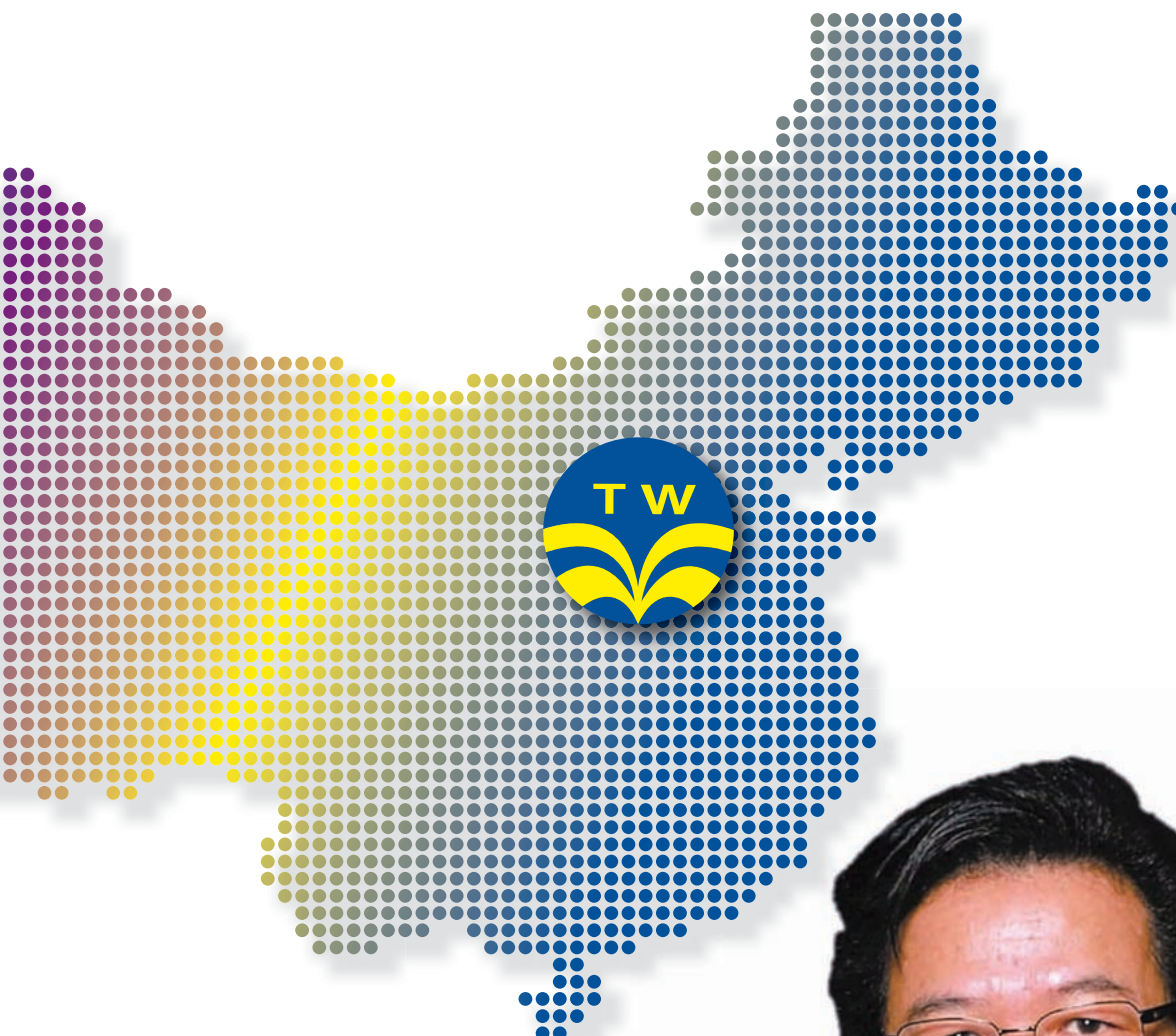
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

1314



CHAIRMAN'S STATEMENT



Mr. Lee Yuen Hong
Chairman

CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Tsui Wah Holdings Limited (the “**Company**”, together with subsidiaries of the Company, the “**Group**” or “**Tsui Wah**”), I am pleased to announce the annual results of the Group for the year ended 31 March 2015.

Over the past year, the retail market in Hong Kong faced various challenges, and the food and beverage industry was impacted to varying degrees. The “substandard lard” incident, the Occupy Central movement and the recent anti-parallel traders event brought temporary impact to the entire industry. Nonetheless, leveraging on its good brand reputation, solid foundation and extensive restaurant network, Tsui Wah maintained stable development in the past year with four new restaurants opened in Hong Kong. The Group’s central kitchen in Hong Kong has commenced its operation since 2008. To coordinate with business development, the Group’s central kitchen in Hong Kong has been relocated to its self-owned property and commence operation in February 2015, which further strengthened our centralised procurement and logistics management capabilities, and achieved economies of scale and enhanced synergies.

As for the PRC market, with its brand advantages in its devotion to provide safe food and quality service, Tsui Wah continued to expand its restaurant network in three business circles located in Eastern China, Central China and Southern China during the year under review with the opening of six new restaurants. In early November 2014, the Eastern China headquarter of the Group was relocated to a newly acquired property located in Huangpu District Shanghai. During the year under review, the Group has a total of 13 restaurants in Eastern China, 3 restaurants in Southern China and 3 restaurants in Central China. In the future, the Group will continue to maintain its pace of expansion and grasp the development opportunities in Mainland China and Hong Kong with a goal to increase the number of its operating restaurants to more than 80 in 2017.

CHAIRMAN'S STATEMENT

In terms of the Group's management, the Board is currently comprised of four executive Directors, one non-executive Director and three independent non-executive Directors. All Directors are highly motivated and committed to their duties and responsibilities within the Group. The Group would like to express its sincere appreciation to Mr. Lock Kwok On for his valuable contribution and dedication to the Group during his tenure as the chief executive officer of the Company. Following the expiry of Mr. Lock's service contract in 30 April 2015, Mr. Ho Ting Chi, the executive Director, has been appointed as the chief executive officer of the Group with effect from 1 May 2015.

In terms of resource management, the Group continues to upgrade its existing system to support the rapid growth of its operations. It will strengthen the control over its management in respect of supply chain, operation of restaurants, human resources, financial management and cost control. The upgrade of system provides an effective control over related operating costs and it also facilitates a better understanding of cuisine preferences of the customers. Through analysing and understanding the customers' cuisine preferences, the Group is able to offer the most suitable choices of food to cater for consumers' demand, thereby enhancing the operational efficiency which in turn may result in better returns to the shareholders of the Company (the "**Shareholders**").

To lead the food trend, Tsui Wah has introduced the new menu in May 2015 with a view to bringing surprise to its customers, and the new dishes have been warmly welcomed by its customers. The Group continues to develop new dishes from time to time, add various elements in response to seasonal changes and regional preferences in due course and introduce wholesome ingredients so as to bring new tastes and diverse choices to its customers. For the year ended 31 March 2015, the Group has earned a number of prestigious awards including "Most Popular Brand for Tourists 2014 — Gold Award", "2014 Most Popular QTS Merchant Award Online Voting — Restaurant" and "U Favorite Food Awards 2014 — My Most Favorite Cha Chaan Teng", in recognition of the Group's persistent focus and efforts on excellence in food and service quality and employee training.

Tsui Wah is dedicated to perform its corporate social responsibilities during the course of its business development. It has always been focusing on environmental protection and actively implementing environmental measures while leading the food and beverage trend. Accordingly, the Group appointed an environmental consultant to monitor and provide training to frontline staff regularly, aiming to strengthen the staff's awareness of environmental protection effectively. Meanwhile, the Group launched various environmental protection programs and projects, including the "Bread Donation Program" (麵包捐贈計劃), to promote the good practices on food waste reduction. On the other hand, the Group's central kitchens have adopted electrified model to reduce carbon emission and promote energy efficiency. During the period under review, the Group was granted the Gold Award (Hong Kong Style Food & Beverage) of the GREEN PLUS Recognition Award 2014 by the CLP Power Hong Kong Limited.

Moreover, Tsui Wah regards its staff as important assets as each of them plays a pivotal role in the Group's sustainable growth. Tsui Wah is among the first batches of organisations recognised by the government of Hong Kong to confer the courses under the "Qualifications Framework" in the catering industry. The Group strongly emphasises on its staff development and also endeavors to invest in human resources trainings. For instance, arranging employees from Hong Kong to second to Shanghai or other cities in the PRC to maximise their potential by broadening their horizon and enriching their knowledge. Tsui Wah has actively recruited and retained employees and encouraged more people to join the big family of Tsui Wah through the "Summer Internship Scheme". In recognition of the staff's loyalty as a member of "Tsui Wah Family" (翠華人家), the Group cares for their needs, such as provision of textbook fee subsidies to children of its staff.

CHAIRMAN'S STATEMENT

The Group has set out four growth strategies emphasising to enhance (i) food quality, (ii) internal control system, (iii) procurement system and (iv) quality of its staff. Looking ahead, the Group will continue to streamline its internal structure to execute the four growth strategies effectively and tackle the issue of increasing costs through centralised procurement thereby bolstering its bargaining power. Given the growing awareness in food safety of consumers in the PRC and Hong Kong in recent years, the Group is dedicated to improve the food quality. To ensure consistently high food quality for the customers, the Group will closely monitor the procurement and preparation process while sourcing high quality food products from reputable suppliers. The Group also strives to build up recruitment database by recruiting and developing workforce and offer competitive remuneration packages, promotion opportunities and training courses to its staff. Besides, the Group has established seven committees led by various senior management personnel to position Tsui Wah for sustainable development in the future.

The Board is confident that the Group's constant pursuit of better food quality, together with a highly motivated work force and solid business strategies will deliver a continued growth in the foreseeable future.

Lee Yuen Hong

Chairman and Executive Director

Hong Kong, 25 June 2015



MANAGEMENT DISCUSSION AND ANALYSIS



INDUSTRY OVERVIEW

During the year ended 31 March 2015, the significant slowdown of China's economy has led to a general decrease in consumer confidence. At the same time, the Group has to face the pressure of rising food and labour costs. Notwithstanding the market condition, with 48 years of operating history in the food and catering sector, the Group has the experience to pass through several economic cycles in the past. Fortunately, the demand for high quality and reasonably priced cuisine offered by "Tsui Wah" has remained strong. The experienced members of the Board and management of the Group have led "Tsui Wah" successfully overcome a number of challenges, promoted the recognition of the Group's brand, and maintained Tsui Wah as the leading *Cha Chaan Teng* chain owner and operator in Hong Kong. These are achieved mainly through serving delicious quality cuisine prepared under stringent quality control by monitoring the safety and quality of the food of the Group.

BUSINESS REVIEW

For the year ended 31 March 2015, the Group opened 10 new restaurants in total across Hong Kong and the PRC, as compared to nine in the year ended 31 March 2014. The four new restaurants in Hong Kong are located in Tuen Mun, Causeway Bay and Tsim Sha Tsui. In the PRC, the Group has opened four new restaurants in Shanghai (Hongkou district and Pudong New Area) and one new restaurant in Jiangnan district, Wuhan and Nanshan district, Shenzhen respectively. As at 31 March 2015, the Group operated 31 restaurants in Hong Kong, 19 restaurants in the PRC, and 1 restaurant in Macau.

As disclosed in the annual report of the Company for the year ended 31 March 2014, the Group's objective is to increase the number of its operating restaurants to more than 80 in 2017. The Group continues to adhere to such goal and had opened a total of 10 new restaurants across Hong Kong and the PRC for the year ended 31 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW *(Continued)*

The business environment for the food and catering sector has become increasingly harsh and challenging in recent years due to the rising costs in food, rental and labour. However, the Group has strived to implement and maintain effective cost and expense controls and improved the overall operating efficiencies through a range of cost control measures. Despite of the slowdown in economic growth, the general business performance of the Group's restaurants remained satisfactory. As always, the Group will continue to adhere to its prudent strategy of site selection and opening of new restaurants so as to expand its restaurant network in Greater China Region.

Moreover, the Group maintained stability in the cost control of inventories sold for the year ended 31 March 2015, which was mainly attributable to the effectiveness of cost control strategy of food materials and the strengthening of procurement and supply chain management during the year. In addition, by reducing wastage during food preparation, the gross profit margin of the Group has remained stable without sacrificing the quality, taste and safety of its foods. However, the Group's net profit margin (profit for the year as a percentage of revenue) recorded a decrease from approximately 10.6% for the year ended 31 March 2014 to approximately 8.8% for the year ended 31 March 2015, which was mainly attributable to the initial start-up costs incurred by the new restaurants, the increment in property rentals and the increase in depreciation cost due to the new fixed assets.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately 22.2% from approximately HK\$1,473.7 million for the year ended 31 March 2014 to approximately HK\$1,801.0 million for the year ended 31 March 2015, which was mainly attributable to the strong growth in restaurant sales due to the quality food offered, the establishment of new restaurants and introduction of new items to the Group's menu from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL REVIEW *(Continued)*

Cost of inventories sold

Cost of inventories sold increased by approximately HK\$95.1 million, or approximately 21.0%, from approximately HK\$453.0 million for the year ended 31 March 2014 to approximately HK\$548.1 million for the year ended 31 March 2015. The cost of inventories sold amounted to approximately 30.7% and 30.4% of the Group's revenue for the year ended 31 March 2014 and 2015, respectively. The cost of inventories sold in proportion to the Group's revenue remained stable for the year ended 31 March 2015 as compared to the preceding year is primarily reflecting that: (i) the Group's policy in bulk procurement of ingredients, beverage and other operating items for the restaurant operation from suppliers has resulted in better purchase prices for these items; and (ii) the Group's management and controlling measures over the food preparation process has reduced food waste.

Gross profit

The Group's gross profit, which equals to the revenue minus cost of inventories sold, for the year ended 31 March 2015 was approximately HK\$1,252.9 million, representing an increase of approximately 22.7% from approximately HK\$1,020.7 million for the year ended 31 March 2014. The increase was mainly due to the promising sales growth in the existing restaurants, opening of new restaurants and strengthening the management of procurement and standardised food preparation procedures.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

Staff costs

Staff costs of the Group increased by approximately HK\$88.1 million, or approximately 22.3%, from approximately HK\$395.2 million for the year ended 31 March 2014 to approximately HK\$483.3 million for the year ended 31 March 2015. The increase was attributable to the general increase in the labour costs in the food and catering sector in recent years and new staff recruited for the newly opened restaurants. The Group is of the opinion that the retention of experienced staff is vital in improving its operation and maintaining its well-established high-quality service across all of its restaurants. Staff costs as a percentage of the Group's revenue maintained 26.8% for the year ended 31 March 2015, which is comparable to that for the year ended 31 March 2014.

Property rentals and related expenses

Property rentals and related expenses increased by approximately HK\$68.7 million, or approximately 32.7%, from approximately HK\$209.8 million for the year ended 31 March 2014 to approximately HK\$278.5 million for the year ended 31 March 2015, primarily because of (i) new restaurants premises leased during the year; and (ii) increase in rent when renewing leases. In order to realise a better control in the property rentals and related expenses, the Group has entered into long-term rental agreements with its landlord(s) so as to maintain the rentals at a reasonable level.

Share of profits of joint ventures

Share of profits of joint ventures amounted to approximately HK\$37.0 million for the year ended 31 March 2015, which is comparable to the preceding year, representing a decrease of approximately HK\$0.1 million, or approximately 0.3% from approximately HK\$37.1 million for the year ended 31 March 2014.

Income tax expense

Income tax expense decreased by approximately HK\$1.3 million, or approximately 3.8%, from approximately HK\$33.8 million for the year ended 31 March 2014 to approximately HK\$32.5 million for the year ended 31 March 2015.

Profit for the year

As a result of the higher revenue attributable to the strong growth in restaurant sales due to the quality food offered, the establishment of new restaurants and introduction of new items to the Group's menu from time to time, the profit for the year increased by approximately HK\$1.6 million, or approximately 1.0%, from approximately HK\$156.0 million for the year ended 31 March 2014 to approximately HK\$157.6 million for the year ended 31 March 2015.

Liquidity and financial resources

The Group had financed its business with internally generated cash flows and proceeds received from the listing of the shares of the Company (the "Shares") on the Stock Exchange (the "Listing"). As at 31 March 2015, the Group had cash and cash equivalents amounting to approximately HK\$620.6 million, representing a decrease of approximately HK\$14.0 million from approximately HK\$634.6 million as at 31 March 2014. This was mainly attributable to the use of cash for (i) the relocation of Eastern China headquarter of the Group; (ii) the construction of central kitchens in Shanghai and Hong Kong; and (iii) the opening of new restaurants. Most bank deposits and cash were denominated in Hong Kong dollars and Renminbi. The Group will continue to use the internal generated cash flows and proceeds received from the Listing as source of funding for future investments and business plans.

As at 31 March 2015, the Group's total current assets and current liabilities were approximately HK\$712.2 million (31 March 2014: approximately HK\$713.6 million) and approximately HK\$330.7 million (31 March 2014: approximately HK\$299.3 million) respectively, while the current ratio was about 2.2 times (31 March 2014: about 2.4 times).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

Liquidity and financial resources *(Continued)*

As at 31 March 2015, the Group had finance lease payables of approximately HK\$0.6 million (31 March 2014: approximately HK\$1.0 million) and interest-bearing bank borrowings of approximately HK\$81.8 million (as at 31 March 2014: HK\$86.8 million). The interest-bearing bank borrowings are secured, repayable on demand, denominated in Hong Kong dollars and bear interest at a rate of one-month Hong Kong Interbank Offered Rate +1.75%. During the year ended 31 March 2015, no financial instruments were used for hedging purposes.

As at 31 March 2015, the Group's gearing ratio, which was calculated based on the sum of interest-bearing bank borrowings and finance lease payables over equity attributable to owners of the Company, was approximately 6.7% (31 March 2014: approximately 7.6%).

Material acquisition and disposal

For the year ended 31 March 2015, the Group had not engaged in any material acquisition or disposal.

Use of net proceeds from the Listing

The Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 November 2012 with net proceeds from the global offering of the Company of 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 2015 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 centers and launch of catering service in Hong Kong	20%	158.9	(120.2)	38.7
Opening new restaurants in China	35%	278.0	(248.7)	29.3
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	(79.4)	79.5
Upgrading information technology systems	5%	39.8	(9.5)	30.3
Additional working capital and other general corporate purposes	10%	79.4	(79.4)	–
Total	100%	794.4	(616.6)	177.8

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

Foreign currency risk

The Group's sales and purchases for the year ended 31 March 2015 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 controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of the Renminbi. The appreciation or devaluation of the Renminbi against Hong Kong dollars may have impact on the Group's results. Although foreign currency exposure did not pose a significant risk for the Group during the year ended 31 March 2015, the Group will continue to take proactive measures and monitor closely its exposure to such currency movement.

Contingent liabilities

As at 31 March 2015, the Group had contingent liabilities of approximately HK\$1.8 million (31 March 2014: approximately HK\$2.2 million) in respect of bank guarantee given in favour of landlords in lieu of rental deposits.

Charge on assets

As at 31 March 2015, save as those disclosed in note 30 to the financial statements and time deposits of approximately HK\$1.8 million (31 March 2014: approximately HK\$2.2 million) pledged for bank guarantee facilities of the Group, there was no charge on the Group's assets.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

Human resources

As at 31 March 2015, the Group (other than its joint ventures) employed approximately 3,886 employees. Remuneration packages are generally structured by reference to market terms, individual qualifications and experience. The Group reviews the remuneration of the employees from time to time.

During the year ended 31 March 2015, various training activities, such as training on operational safety, management skills as well as mentorship program, had been conducted to improve the front-end quality of services as well as to ensure the smooth and effective installation of the Group's business systems. The Group has continued to implement the management trainee program to enhance the depth and breadth of the management of the Group for their future career development.

PROSPECTS AND OUTLOOK

Customer satisfaction

Moving forward, maintaining stringent food safety and a satisfactory dining experience will remain the Group's core strategy. The Group aims to provide its customers with hygienic and quality food and a good value-for-money dining experience. To achieve this objective, the Group's first central kitchen in Shanghai has commenced its operation in June 2013 and subsequently the Group acquired the land-use right and buildings in Shanghai to establish a larger central kitchen to support its expanding restaurant network. The opening of central kitchens will further strengthen the Group's food quality and hygiene standards, boost its operational efficiency and standardise its quality control and management. The management of the Company will ensure that food safety and customer satisfaction remain as the Group's top priority.

Restaurant openings

In the year ahead, the Group will continue to adhere to its objective as disclosed in the prospectus of the Company dated 14 November 2012 by implementing the stated store-opening strategy and expects to operate more than 80 restaurants by 2017, so as to increase the Group's market share in both Hong Kong and the PRC and enhance its brand awareness.

Corporate social responsibility

Adhering to its core corporate values and beliefs, the Group is committed to bearing corporate social responsibilities. The Group actively encourages employees to participate in charitable activities and has provided in-kind support and sponsored various community charitable activities to raise funds to people in need. At the same time, the Group promotes environmental protection, including the implementation of green procurement and energy saving policies, and also encourages customers to choose a green diet and reduce food waste. The Group is always prepared to take a proactive role in giving back what it could afford to the society.

Outlook

In respect to the market in Hong Kong, the Group's central kitchen in Hong Kong has been relocated to its self-acquired property and commenced operation in February 2015, which further improve standardisation and efficiency in its food processing. The Group will also further increase and optimise the speed and ordering efficiency of its delivery service "Tsui Wah Delivery" in order to provide superior delivery service to its customers. As regards the Group's information management system, the Group will strengthen its management efficiency and cost controls by implementing an ERP system. In addition, the Group has also strived to expand its "Supreme Catering" service to meet the increasing demand in Hong Kong for catering events, allowing customers to enjoy five-star catering experience. With the new central kitchen designated for "Supreme Catering" in Yau Tong, Kowloon, Hong Kong which came into operation by mid-July 2014, the Group will continue to provide a comprehensive range of catering services with tailor-made menus for its customers.

** is for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOK *(Continued)*

In the PRC market, the Group is expected to continue to benefit from (i) the ongoing urbanisation in the PRC; (ii) the rising disposable income of the country's burgeoning middle class; and (iii) business opportunities resulting from the increase in awareness and market demand for quality dining at a reasonable price. The Group will continue to evaluate expansion possibilities in different provinces in China.

In addition, while focusing on providing better food and service quality, the Group will also optimise its operational systems by retaining experienced staff and encouraging creative product development. All these, along with enhanced marketing and brand recognition activities, will ensure the Group's ability in generating revenue and maximising the returns to its Shareholders.

In view of the conditions outlined above, the Board believes that "Tsui Wah" has the resources, vision and reputation to capitalise on future opportunities for continued expansion in the enormous PRC market as well as in Hong Kong. The Board is confident that the Group will continue to explore business opportunities and expand its restaurant network in both Hong Kong and the PRC.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lee Yuen Hong (李遠康), aged 60, is the chairman of the Board and an executive Director. Mr. Lee has been an executive Director and the chairman of the Board since 29 May 2012, the date of incorporation of the Company. Apart from his current directorate in the Company, he also holds directorship in almost all subsidiaries of the Group. Mr. Lee is also a director of Cui Fa Limited, a controlling Shareholder. He is one of the founders of the Group. Mr. Lee is primarily responsible for the Group's overall corporate strategies, management and business development. Mr. Lee is also a member of each of the remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**") of the Company. Mr. Lee founded the Group in 1989 by acquiring the San Po Kong Tsui Wah restaurant (新蒲崗翠華餐廳) together with Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Yue Pui and Mr. Cheung Wai Keung. Mr. Lee joined the restaurant industry in Hong Kong in 1966 and has since served in various positions within the industry. He has served as cook, chief cook and chef in a number of restaurants from 1973 to 1989. Mr. Lee has spent over two decades in the Group since 1989 which, together with his previous positions in other restaurants, allowed him to accumulate over 40 years of extensive work experience in the restaurant industry, in particular in the Cha Chaa Teng (茶餐廳) segment. He is currently the honorary chairman of the Association of Coffee and Tea (香港咖啡紅茶協會), the vice chairman of the board of directors of Hong Kong Federation of Restaurants and Related Trades (香港餐飲聯業協會) and a member of the Committee on Reduction of Salt and Sugar in Food (降低食物中鹽和糖委員會委員). He also serves as the vice president of Guangzhou Restaurant & Catering Association (廣州市飲食行業商會) and was appointed as a Council member at the Shanghai Cuisine Association (上海市烹飪協會). Mr. Lee has 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 Sun Yat-Sen University (中山大學) in November 2010.

Mr. Ho Ting Chi (何庭枝), aged 52, is an executive Director, the chief executive officer of the Company and one of the founders of the Group. He has been an executive Director since 29 May 2012, the date of incorporation of the Company, and was appointed as the chief executive of the Company on 1 May 2015. Apart from his current directorate in the Company, he also holds directorship in various subsidiaries of the Group. Mr. Ho is also a director of Cui Fa Limited, a controlling Shareholder. Together with Mr. Lee Yuen Hong and Mr. Cheung Yu To, Mr. Ho is responsible for the strategic development and management of the Group's business and operations. Mr. Ho has over 30 years of experience in the restaurant and catering industry in Hong Kong. Prior to the founding of the Group, Mr. Ho worked as a chef and supervisor in a number of restaurants from 1981 to 1989. Mr. Ho completed the Hygiene Supervisor Training Course (衛生督導員訓練課程) organised by the Food and Environmental Hygiene Department in July 2004. He is a vice president of the Association for Hong Kong Catering Services Management Limited. Mr. Ho obtained his Master's degree in Business Administration from Sun Yat-Sen University (中山大學) in November 2010.

Mr. Cheung Yu To (張汝桃), aged 57, is an executive Director and one of the founding members of the Group. He has been an executive Director since 29 May 2012, the date of incorporation of the Company. Apart from his current directorate in the Company, he also holds directorship in various subsidiaries of the Group. Mr. Cheung is also a director of Cui Fa Limited, a controlling Shareholder. Together with Mr. Lee Yuen Hong and Mr. Ho Ting Chi, he is responsible for the overall management of the business operations. Mr. Cheung has extensive experience in the restaurant industry and has been working in the industry for over 30 years. Prior to founding the Group, Mr. Cheung worked as a manager in a number of restaurants from 1980 to 1989. In December 2004, Mr. Cheung completed the Basic Food Hygiene Certificate for Hygiene Managers (基礎食物衛生經理課程) organised by the Li Ka Shing Institute of Professional and Continuing Education of the Open University of Hong Kong. Mr. Cheung Yu To is the brother of Mr. Cheung Yue Pui.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheung Yue Pui (張汝彪), aged 53, is an executive Director. He has been an executive Director since 29 May 2012, the date of incorporation of the Company. Apart from his current directorate in the Company, he also holds directorship in various subsidiaries of the Group. Mr. Cheung is also the director of Victor Leap Limited, a controlling Shareholder. Mr. Cheung is one of the founders of the Group and he oversees the operations of the central kitchen. Mr. Cheung has over 30 years of experience in the restaurant industry. Prior to founding the Group, Mr. YP Cheung served as a chef in various restaurants in Hong Kong and the PRC during the period between 1979 to 1989. Mr. Cheung completed the Basic Food Hygiene Certificate for Hygiene Managers (基礎食物衛生經理課程) organised by the Li Ka Shing Institute of Professional and Continuing Education of the Open University of Hong Kong in December 2004. Mr. Cheung Yue Pui is the brother of Mr. Cheung Yu To.

NON-EXECUTIVE DIRECTOR

Mr. Cheung Wai Keung (張偉強), aged 63, is a non-executive Director and one of the founders of the Group. He was appointed as an executive Director on 29 May 2012 and was redesignated as a non-executive Director on 16 August 2014. Apart from his current directorate in the Company, he also holds directorship in various subsidiaries of the Group. Mr. Cheung is also the director of Ample Favour Limited, a controlling Shareholder. Mr. Cheung has extensive experience and has worked in the restaurant industry for over 40 years. Prior to founding the Group, Mr. Cheung worked as a manager in a number of restaurants during the period between 1977 to 1989. Mr. Cheung completed the Hygiene Supervisor Training Course (衛生督導員訓練課程) organised by the Food and Environmental Hygiene Department in July 2004 and the Basic Food Hygiene Certificate for Hygiene Managers (基礎食物衛生經理課程) in December 2004 organised by the Li Ka Shing Institute of Professional and Continuing Education of the Open University of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Goh Choo Hwee (吳慈飛), aged 43, is an independent non-executive Director. Mr. Goh has been an independent non-executive Director since 5 November 2012. Mr. Goh is the chairman of the Remuneration Committee of the Company and a member of each of audit committee (the “**Audit Committee**”) and the Nomination Committee of the Company. Mr. Goh is a member of The Law Society of Hong Kong and has been a practicing solicitor in Hong Kong since 1997 and is currently a partner of Ma Tang & Co., a law firm in Hong Kong. Mr. Goh has over 15 years of experience in PRC-related, corporate and securities practices. Mr. Goh has served as company secretary and authorised representative at Xinhua News Media Holdings Limited since 11 December 2013. Mr. Goh has been appointed as an independent non-executive director of (i) PME Group Limited (stock code: 0379), a company listed on the Main Board of the Stock Exchange, since 18 January 2012; and (ii) Theme International Holdings Limited (stock code: 0990), a company listed on the Main Board of the Stock Exchange, since 27 September 2013. From December 2007 to November 2011, Mr. Goh was also an independent non-executive director of China Mining Resources Group Limited (stock code: 0340), the shares of which are listed on the Main Board of 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.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Chi Kin (黃志堅), aged 41, is an independent non-executive Director. Mr. Wong has been an independent non-executive Director since 5 November 2012. Mr. Wong is the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee. Mr. Wong has over 18 years of extensive experience in the areas of banking and corporate finance and also has accounting experience with various international banks and a company listed in the United Kingdom. He is a fellow member of the Hong Kong Institute of Certified Public Accountants (HKICPA) and a Certified Practising Accountant of CPA Australia. Mr. Wong held various positions at China Qinfa Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0866). He served as its deputy chief financial officer from April 2011 to September 2011, its company secretary and authorised representative from July 2011 to August 2014 and its chief financial officer from September 2011 to October 2014. Mr. Wong has been the chief financial officer of Orient Victory China Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0265) since October 2014.

Mr. Wong obtained a Bachelor of Science (Honours) degree in Finance from The City University of Hong Kong in December 1996, a Master's Degree in Practising Accounting from Monash University, Australia, in November 2001 and a Master of Business Administration degree (Executive MBA Programme) from The Chinese University of Hong Kong in December 2010.

Mr. Yim Kwok Man (嚴國文), aged 46, is an independent non-executive Director. Mr. Yim has been an independent non-executive Director since 5 November 2012. Mr. Yim is the chairman of the Audit Committee. Mr. Yim has over 20 years of extensive experience in the areas of corporate finance, debt and equity capital markets, asset management and merger and acquisition advisory in Asia, in particular in Hong Kong and the PRC. He is a fellow member of The Association of Chartered Certified Accountants (FCCA) and a member of The Hong Kong Institute of Certified Public Accountants (HKICPA). Mr. Yim was a registered responsible officer of type 6 activities (advising on corporate finance) until July 2014, and was a registered representative of type 4 activities (advising on securities) and type 9 activities (asset management) with the SFC until August 2011. Mr. Yim served as a director of Galaxy Asset Management (H.K.) Limited and worked with various international financial institutions and investments banks from 1994 to 2011, including Rabobank International Hong Kong Branch, DBS Asia Capital Limited and 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 the Growth Enterprise Market of the Stock Exchange (stock code: 8351), from December 2010 to August 2011. Mr. Yim graduated with a Bachelor of Engineering degree in Civil Engineering from the Hong Kong Polytechnic in November 1991. He completed a Master of Business Administration exchange program at the John E. Anderson Graduate School of Management, University of California, Los Angeles (UCLA), USA in 1993 and obtained a Master's degree in Business Administration (MBA) from The Chinese University of Hong Kong in December 1994.

SENIOR MANAGEMENT

Mr. Lock Kwok On Anthony (駱國安), aged 54, was the chief executive officer of the Company from May 2010 to April 2015 and assisted the Directors in the overall management and daily operations of the Group. In January 2012, Mr. Lock was appointed as a non-official member of the Business Facilitation Advisory Committee and the convener of the Food Business and Related Services Task Force of Economic Analysis and Business Facilitation Unit. He has been appointed as a member of the Expert Committee on Food Safety since 2012, and was appointed by the Environmental Protection Department as a member of the Advisory Council on the Environment since January 2013. He is now a member of the Food Wise Hong Kong Steering Committee, a member of the Chinese Catering Qualifications Framework Advisory Committee, a member of the Industry Consultative Networks of Employees Retraining Board, a member of the Chinese Cuisine Training Institute Training Board of the Vocational Training Council, and a technical advisor of the Employees Retraining Board for catering industry. Mr. Lock was the chairman of the Hong Kong Federation of Restaurants and Related Trades from September 2008 to December 2011 and became its present president in December 2011 and is widely recognised in the restaurant industry.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Prior to joining the Group in 2010, Mr. Lock was the founder of California Red Limited and served as its chief executive officer. Mr. Lock was also the co-chairman of the Smoke-free Restaurants Working Group and Convener of the Catering Entertainment Premises Smoking Ban Regulations Concern Group in 2006. Mr. Lock received a Master of Business Administration degree (Executive MBA Programme) from The Chinese University of Hong Kong in September 2010. Mr. Lock has accumulated around 20 years of extensive experience in the restaurant and entertainment industry in Hong Kong.

Ms. Li Tsau Ha (李楸夏), aged 52, joined the Group in September 2009, is the Company's general manager. She is responsible for the execution of the daily business operations of the Group. Ms. Li has over ten years of experience in general management and is a member of the Hong Kong Federation of Restaurants and Related Trades, The Association for Hong Kong Catering Services Management Limited, the Hong Kong Institute of Human Resource Management and the Lift and Escalator Safety Advisory Committee, and a governing council member of Quality Tourism Services Association. Ms. Li oversees the administration and human resources functions of the Group.

Prior to joining the Group, she was the manager at New Gem Property Management & Agency Limited between June 2002 to March 2003 and was the senior manager between April 2003 to February 2005. Ms. Li subsequently served as an administration and human resources director of California Red Limited from March 2005 to September 2009. Ms. Li completed the Basic Food Hygiene Certificate for Food Hygiene Managers organised by Hong Kong Christian Service, Kwun Tong Vocational Training Centre in July 2012. Ms. Li completed the courses for management of Table Services Section (Level 3), Warehouses Management and Procurement (Level 3), Management of Catering Services and Banquet (Level 4) and operations management (Level 4) organised by Vocational Training Council in June 2013.

Ms. Li obtained certificate in Senior Human Resources Management Professional* (“高級人力資源法務(規劃)師”) from China Employment Training Technical Institution Center in October 2013. Ms. Li was an adjudicator at the Immigration Tribunal and the Appeal panel on Housing of HKSAR. Ms. Li received a Master of Business Administration degree from University of South Australia in October 2009.

Mr. Yang Dong John (楊東), aged 40, is the chief financial officer and chief executive officer of China Region. He has been the chief financial officer of the Company since 4 June 2012. He is primarily responsible for overseeing the Group's finance functions as well as specific finance projects. Mr. Yang was appointed by the Board as the chief executive officer of China Region in March 2014. Mr. Yang was the company secretary and 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. Over the course of his career, Mr. Yang has accumulated over ten years of extensive experience in auditing, consolidated accounting and financial management.

Prior to joining the Group, Mr. Yang was the chief financial officer and company secretary at Wedding Banquet Specialist (煌府婚宴專門店). He spent over ten years at KPMG's Hong Kong and Beijing offices. During his service at KPMG, Mr. Yang was involved 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).

* is for identification purpose only

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Hong On Nei (康安妮), aged 37, is head of internal control of the Company. Ms. Hong has been head of internal control of the Company since 1 September 2014 and she is mainly responsible for assisting related work on the Group's internal control.

Ms. Hong graduated from the University of Hong Kong with a Bachelor's degree in Business Administration (Accounting and Finance). She is a member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Prior to joining the Group, Ms. Hong was a senior manager of Ernst & Young.

Ms. Hong has over 10 years' experience in providing services to listed companies and multinational corporations, including auditing services in relation to initial public offering, major acquisitions, spin-offs, reorganisations, etc.

COMPANY SECRETARY

Mr. Pang Chung Fai Benny, aged 42, has been appointed as the company secretary of the Company and the authorised representative of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") since 3 February 2015. Mr. Pang is the managing partner of Pang & Co., a firm of solicitors in Hong Kong in association with Loeb & Loeb LLP. He was a partner of Salans Hong Kong, an international law firm, from March 2010 to May 2012. Between 1997 and 2009, Mr. Pang practised as a lawyer with several international law firms in Hong Kong and Sydney. Mr. Pang received his bachelor's degree in laws from Bond University in 1996. In 1997, Mr. Pang obtained his Graduate Diploma in Legal Practice and master degree in laws from The College of Law and The University of New South Wales, respectively. He was admitted as a legal practitioner of the Supreme Court of New South Wales in 1997 and as a solicitor of the High Court of Hong Kong in 2009. He is a member of both the Law Society of New South Wales and the Law Society of Hong Kong. Mr. Pang is currently (i) an independent non-executive director of Yuanda China Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2789); (ii) an independent non-executive director of China Bio-Med Regeneration Technology Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8158); (iii) an independent non-executive director of Goldenmars Technology Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8036); and (iv) a company secretary of China Success Finance Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code 3623).

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance consistent with the needs and requirements of its business and the Shareholders. The Company has adopted the code provisions (the “**Code Provisions**”) in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules. The corporate governance principles of the Company emphasise a quality board, sound internal controls, and transparency and accountability to all the Shareholders.

Throughout the year ended 31 March 2015 and up to the date of this annual report, the Company has complied with the Code Provisions.

The Board will review and continue to enhance the Company’s corporate governance policies and compliance with the Code Provisions from time to time.

DIRECTORS

The Board

The Board, led by the chairman of the Company, is responsible for leadership and control of the Company and overseeing the Group’s businesses, strategic decisions and performance. The Board has delegated to the senior management of the Company the authority and responsibility for the day-to-day management and operation of the Group. Such authorities and responsibilities include implementing decisions of the Board, directing and co-ordinating day-to-day operation and management of the Group in accordance with the management strategies and plans approved by the Board, formulating and monitoring the operation and production plans and budgets, and supervising and monitoring the control systems. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

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

CORPORATE GOVERNANCE REPORT

Board Meetings and General Meeting

The Company held the annual general meeting for the year ended 31 March 2014 on 15 August 2014.

For the year ended 31 March 2015, the Board held four formal meetings. Attendance of individual Directors at the Board meetings for the year ended 31 March 2015 and the annual general meeting for the year ended 31 March 2014 is as follows:

Name of Director	Attendance/ Number of Board Meetings held	Annual General Meeting
<i>Executive Directors:</i>		
Mr. Lee Yuen Hong (<i>Chairman</i>)	4/4	1/1
Mr. Ho Ting Chi	4/4	0/1
Mr. Cheung Yu To	4/4	1/1
Mr. Cheung Yue Pui	4/4	1/1
<i>Non-executive Director:</i>		
Mr. Cheung Wai Keung (re-designated from an executive Director to a non-executive Director on 16 August 2014)	4/4	0/1
<i>Independent Non-executive Directors:</i>		
Mr. Goh Choo Hwee	4/4	0/1
Mr. Wong Chi Kin	4/4	1/1
Mr. Yim Kwok Man	4/4	1/1

For the year ended 31 March 2015, apart from the meeting of the Board, consent/approval from the Board had also been obtained by written resolutions on a number of matters.

Chairman and Chief Executive Officer

For the year ended 31 March 2015, the chairman of the Board was Mr. Lee Yuen Hong while the chief executive officer of the Company was Mr. Lock Kwok On Anthony. Upon the expiry of service contract of Mr. Lock Kwok On Anthony on 30 April 2015, Mr. Ho Ting Chi, an executive Director, was appointed as the chief executive officer of the Company as at 1 May 2015. The Company has complied with Code Provision A.2.1 of the CG Code which stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual.

CORPORATE GOVERNANCE REPORT

Board Composition

Currently, the Board comprises eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors. The current composition of the Board is as follows:

	Membership of Board Committee(s)
<i>Executive Directors:</i>	
Mr. Lee Yuen Hong (<i>Chairman</i>)	Member of Remuneration Committee Member of Nomination Committee
Mr. Ho Ting Chi	N/A
Mr. Cheung Yu To	N/A
Mr. Cheung Yue Pui	N/A
<i>Non-executive Director:</i>	
Mr. Cheung Wai Keung	N/A
<i>Independent Non-executive Directors:</i>	
Mr. Goh Choo Hwee	Chairman of Remuneration Committee Member of Audit Committee Member of Nomination Committee
Mr. Wong Chi Kin	Chairman of Nomination Committee Member of Audit Committee Member of Remuneration Committee
Mr. Yim Kwok Man	Chairman of Audit Committee

Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. In addition, pursuant to Rules 3.10A and 3.10(2) of the Listing Rules, every listed issuer is required to have such number of independent non-executive directors representing at least one-third of the board, and at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. Mr. Yim Kwok Man is a member of The Association of Chartered Certified Accountants (FCCA) and a member of The Hong Kong Institute of Certified Public Accountants (HKICPA). Other than Mr. Yim Kwok Man, Mr. Wong Chi Kin also possesses appropriate accounting and financial management expertise. He is a fellow member of The Hong Kong Institute of Certified Public Accountants (HKICPA) and a Certified Practising Accountant of CPA Australia.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed the independence of all the independent non-executive Directors and considered that all the independent non-executive Directors are independent.

The biographies of the Directors are set out on pages 16 to 18 of this annual report. Save as disclosed in the biographies of the Directors, the Board members do not have any family, financial or business relationship with each other.

The list of Directors has been published on the website of the Company and the website of the Stock Exchange, and is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

CORPORATE GOVERNANCE REPORT

Directors' Liabilities Insurance

During the year ended 31 March 2015, the Company has arranged appropriate insurance cover in respect of legal action against the Directors arising from the performance of his duties as a Director. Such insurance coverage is reviewed and renewed on an annual basis.

Appointment, Re-Election and Removal of Directors

Each of the executive Directors has entered into a service contract with the Company, and each of the independent non-executive Directors has signed a letter of appointment with the Company. Such term is for an initial term of three years commencing from the date on which the Shares were listed on the Main Board of the Stock Exchange ("**Listing Date**") and is subject to the re-appointment of each of the Directors by the Company at an annual general meeting upon retirement.

Mr. Cheung Wai Keung was re-designated from an executive Director to a non-executive Director with effect from 16 August 2014. Mr. Cheung has entered into a service contract with the Company for an initial term of one year commencing from 16 August 2014 and is subject to the re-appointment at an annual general meeting upon retirement.

According to the articles of association of the Company (the "**Articles of Association**"), any Director appointed by the Board (i) to fill a casual vacancy in the Board shall hold office only until the next following general meeting of the Company and shall be subject to re-election at such meeting; and (ii) as an addition to the Board shall hold office until the next annual general meeting of the Company and shall then be eligible for re-election.

In addition, every Director should be subject to retirement by rotation at least once every three years. At every annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not greater than one-third, shall retire from office by rotation according to Article 84(1) of the Articles of Association.

Continuous Professional Development

In compliance with Code Provision A.6.5, the Company will arrange for, and provide fund for, all the Directors to participate in continuous professional development organised in the form of in-house training, seminars or other appropriate courses to keep them refresh of their knowledge, skill and understanding of the Group and its business or to update their skills and knowledge on the latest development or changes in the relevant statutes, the Listing Rules and corporate governance practices. The Company will also update the Directors of any material changes in the Listing Rules and corporate governance practices from time to time. During the year ended 31 March 2015, the Company has applied and paid for several external seminars and organised in-house training sessions for the Directors. The Company will continuously update the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

CORPORATE GOVERNANCE REPORT

According to the records provided by the Directors to the Company, each of the Directors has complied with the Code Provision in relation to continuous professional development to update and refresh their knowledge and skills. A summary of trainings received by the Directors for the year ended 31 March 2015 is as follows:

Name of Director	Attending in-house training	Attending seminars and/or conferences	Reading materials
<i>Executive Directors:</i>			
Mr. Lee Yuen Hong (<i>Chairman</i>)	✓	✓	✓
Mr. Ho Ting Chi	✓	✓	✓
Mr. Cheung Yu To	✓	✓	✓
Mr. Cheung Yue Pui	✓	✓	✓
<i>Non-executive Director:</i>			
Mr. Cheung Wai Keung	✓	✓	✓
<i>Independent Non-executive Directors:</i>			
Mr. Goh Choo Hwee	✓	✓	✓
Mr. Wong Chi Kin	✓	✓	✓
Mr. Yim Kwok Man	✓	✓	✓

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the standard set out in Appendix 10 (Model Code for Securities Transactions by Directors of Listed Issuers) (the "Model Code") to the Listing Rules, in relation to the dealings in securities of the Company by the Directors.

Having made specific enquiry of all Directors, each Director has confirmed that he has complied with the standard set out in the Model Code since the Listing Date and up to the date of this annual report.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee was established on 5 November 2012 with specific written terms of reference in compliance with Code Provision A.5 of the CG Code. The primary duties of the Nomination Committee are (a) reviewing the structure, size and diversity of the Board; (b) assessing the independence of independent non-executive Directors; (c) identifying suitably qualified candidates to become members of the Board and will give adequate consideration to the board diversity policy; and (d) making recommendations to the Board on any proposed changes to the Board or selection of individual nominated for directorships, or on appointment or re-appointment of Directors. The existing members of the Nomination Committee include Mr. Wong Chi Kin and Mr. Goh Choo Hwee, both are independent non-executive Directors, and Mr. Lee Yuen Hong, an executive Director. Mr. Wong Chi Kin is the chairman of the Nomination Committee.

CORPORATE GOVERNANCE REPORT

The Company continuously seeks to enhance the effectiveness of the Board and to maintain a high standards of corporate governance and recognises and embraces the benefits of diversity in the composition of the Board. The Company believes that a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to skills, knowledge, gender, age, cultural and educational background or professional experience. In forming its perspective on diversity, the Company will also take into account of factors based on its own business model and specific needs from time to time.

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

The Nomination Committee will continue to review the diversity policy of the Board from time to time to ensure its continued effectiveness.

For the year ended 31 March 2015, the Nomination Committee held three meetings. Attendance of individual members of the Nomination Committee for the year ended 31 March 2015 is as follows:

Name of Director	Attendance/ Number of meetings held
Mr. Wong Chi Kin (<i>Chairman</i>)	3/3
Mr. Goh Choo Hwee	3/3
Mr. Lee Yuen Hong	3/3

The terms of reference of the Nomination Committee are available on the website of the Company and the website of the Stock Exchange.

The work performed by the Nomination Committee during the year ended 31 March 2015 is summarised as follows:

1. reviewed structure, size and diversity of the Board;
2. reviewed the independence of the independent non-executive Directors; and
3. made recommendations to the Board on the nomination of Directors for re-election at the annual general meeting (the "**AGM**").

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee was established on 5 November 2012 with specific written terms of reference in compliance with Rule 3.26 of the Listing Rules and Code Provision B.1 of the CG Code. The primary duties of the Remuneration Committee include (a) formulating and making recommendations to the Board on the Company's policies and structures for the remuneration of all of the Directors and senior management of the Company; (b) establishing a formal and transparent procedure for developing policy on remuneration; (c) determining specific remuneration packages of all executive Directors and senior management in the manner specified in the terms of reference; (d) making recommendations to the Board of the remuneration of non-executive Directors; (e) reviewing the appropriateness and relevance of remuneration policy; and (f) reviewing and making recommendations to the Board as to the fairness and reasonableness of the terms of any Director's service agreement which is subject to the approval of the Shareholders in any general meeting pursuant to the Listing Rules. The existing members of the Remuneration Committee include Mr. Goh Choo Hwee and Mr. Wong Chi Kin, both are independent non-executive Directors, and Mr. Lee Yuen Hong, an executive Director. Mr. Goh Choo Hwee is the chairman of the Remuneration Committee.

For the year ended 31 March 2015, the Remuneration Committee held three meetings. Attendance of individual members of the Remuneration Committee is as follows:

Name of Director	Attendance/ Number of meetings held
Mr. Goh Choo Hwee (<i>Chairman</i>)	3/3
Mr. Wong Chi Kin	3/3
Mr. Lee Yuen Hong	3/3

The terms of reference of the Remuneration Committee are available on the website of the Company and the website of the Stock Exchange.

The work performed by the Remuneration Committee during the year ended 31 March 2015 is summarised as follows:

- made recommendations to the Board on the remuneration packages of Directors, senior management and employees;
- reviewed the appropriateness and relevance of the remuneration policy; and
- evaluated the performance of all Directors and senior management.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee was established on 5 November 2012 with specific written terms of reference in compliance with Rule 3.22 of the Listing Rules and Code Provision C.3 of the CG Code. 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 existing members of the Audit Committee comprise Mr. Yim Kwok Man, Mr. Goh Choo Hwee and Mr. Wong Chi Kin, all of whom are independent non-executive Directors. Mr. Yim Kwok Man is the chairman of the Audit Committee.

This annual report has been reviewed by the Audit Committee.

For the year ended 31 March 2015, the Audit Committee held four meetings. Attendance of individual members of the Audit Committee is as follows:

Name of Director	Attendance/ Number of meetings held
Mr. Yim Kwok Man (<i>Chairman</i>)	4/4
Mr. Wong Chi Kin	4/4
Mr. Goh Choo Hwee	4/4

The terms of reference of the Audit Committee are available on the website of the Company and the website of the Stock Exchange.

The work performed by the Audit Committee during the year ended 31 March 2015 is summarised below:

1. reviewed the Group's annual and interim results statements and the related result 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 matters and risk management;
5. reviewed the adequacy of resources, qualifications, experience of staff of the Group's accounting and financial reporting function as well as their training programmes and budget;
6. reviewed and approved the Group's connected transactions and continuing connected transactions;
7. approved the current year external audit plan, reviewed and monitored internal control performance as well as the effectiveness of the internal control system; and
8. reviewed the corporate governance compliance.

Full minutes of the Audit Committee are kept by the company secretary of the Company.

CORPORATE GOVERNANCE REPORT

Corporate Governance Function

The Board is responsible for ensuring that the Company shall establish comprehensive corporate governance practices and procedures. For the year ended 31 March 2015, the Board has:

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

This corporate governance report has been reviewed by the Board in discharge of its corporate governance function.

REMUNERATION OF SENIOR MANAGEMENT

For the year ended 31 March 2015, the remuneration of the members of the senior management is set out by band as follows:

Band of remuneration (HK\$)	Number of person
Below HK\$1,000,000	1
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,001 to HK\$2,000,000	1
Over HK\$2,000,000	1

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Financial Reporting

Financial results of the Group are announced in a timely manner in accordance with all statutory requirements, particularly the timeframe stipulated in Rule 13.49(1) and (6) of the Listing Rules.

All Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 March 2015. Currently, the Company's external auditors are Ernst & Young (the "Auditors").

For the year ended 31 March 2015, the fees paid or payable to the Auditors are set out as follows:

	Fees paid/payable HK\$'000
Audit service	2,330
Non-audit services:	
Interim review	312
Tax services	350
	<hr/>
Total	2,992
	<hr/>

Internal Controls

A sound and effective internal control system is important to safeguard the Shareholders' investment and the Company's assets. The Board, through the Audit Committee, had reviewed the effectiveness and adequacy of the control system of the Group's internal control.

DELEGATION BY THE BOARD

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

COMPANY SECRETARY

Mr. Yang Dong John was the company secretary of the Company from June 2012 to February 2015. In the opinion of the Board, Mr. Yang possesses the necessary qualification and experience, and is capable of performance of the functions of the company secretary. For the year ended 31 March 2015, Mr. Yang had taken 15 hours of professional training. Mr. Pang Chung Fai Benny was appointed as the company secretary of the Company on 3 February 2015 and Mr. Pang had taken no less than 15 hours of relevant professional training, as required under Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Effective Communication

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

In respect of each matter to be considered at the annual general meetings and extraordinary general meetings, including the re-election of Directors, a separate resolution will be proposed by the chairman of the Board. Voting at general meetings of the Company is conducted by way of poll in accordance with the Listing Rules. The poll results will be announced at general meetings and published on the websites of the Stock Exchange and the Company, respectively. 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 communications.

Members of the Board and chairmen of various board committees will attend the forthcoming AGM of the Company to be held on 14 August 2015 to answer questions raised by the Shareholders.

Pursuant to Code Provision E.1.2, the Company will invite representatives of the Auditors to attend the forthcoming AGM to answer Shareholders' questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

Shareholders' Rights

1. Procedures for Shareholders to Convene an Extraordinary General Meeting

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

CORPORATE GOVERNANCE REPORT

2. Procedures for Raising Enquiries

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

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

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

Address : 3/F, Tsui Wah Group Centre, 50 Lai Yip Street, Ngau Tau Kok, Kowloon, 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) notice in writing by a Shareholder (other than the person to be proposed) of his intention to propose that person for election as a Director; and (ii) notice in writing by that person of his willingness to be elected, at either (a) the head office of the Company in Hong Kong at 3/F, Tsui Wah Group Centre, 50 Lai Yip Street, Ngau Tau Kok, Kowloon, Hong Kong, or (b) the registration office of the Company in Hong Kong at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. The period for lodgment 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.

CORPORATE GOVERNANCE REPORT

(ii) *Other proposals:*

If a Shareholder wishes to make other proposals (the "**Proposal(s)**") at a general meeting, he/she may lodge a written request, duly signed, at the head office of the Company in Hong Kong at 3/F, Tsui Wah Group Centre, 50 Lai Yip Street, Ngau Tau Kok, Kowloon, Hong Kong marked for the attention of the company secretary of the Company.

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

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

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

Constitutional Documents

Pursuant to a special resolution of the Shareholders passed on 5 November 2012, the amended and restated memorandum of the Company and Articles of Association were adopted with effect from the Listing Date. During the year ended 31 March 2015, there was no significant change in the memorandum and articles of association of the Company.

The amended and restated memorandum of the Company and Articles of Association are available on the website of the Stock Exchange and the website of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

The Group always regards corporate social responsibilities as one of the core values in its business operations for sustainable development. As a leader in the Cha Chaan Teng sector in Hong Kong, the Group has committed to maintaining high standards of food safety, and environmental protection. The Group is also aware of the community needs which arise from time to time and has actively participated in community care events and launched various campaigns to make contribution to the community, so as to enhance social care and a sense of responsibility among various stakeholders except for business growth, and to achieve high level in environmental protection, social responsibility and governance.

This report summarises several subject areas of the Group's business practices related to the environment and society and relevant implemented policies and strategies to the Group's (i) operational practices, (ii) working environment, (iii) environmental protection and (iv) community engagement, etc. The reporting period of this report is from 1 April 2014 to 31 March 2015.

OPERATIONAL PRACTICES

Food Safety

The Group closely observed strict compliance with the applicable laws and regulations and implemented a comprehensive safety management system for the central kitchen(s) of the Group, with an objective to continuously improving the Group's food quality and hygiene standards.

The Group's central kitchen in Hong Kong had relocated to its self-owned property and commenced operation in February 2015. The "Supreme Catering" central kitchen facility with an area of 10,000 square feet located in Yau Tong, Kowloon, Hong Kong has come into operation since July 2014. In addition, following the commencement of operations of its first central kitchen in Shanghai in June 2013, the Group has further acquired the land-use right and buildings in Shanghai to establish a larger central kitchen in the city in order to support future business expansion. Leveraging on the operation of the Group's central kitchens, the Group achieved better standardisation of its food processing procedures and maintained consistent food quality.

Supply Chain Management

The Group uses strict review criteria for selection of suppliers. The suppliers must hold the government approved licences and the goods to be sold must be appropriately imported. The goods received from suppliers are required to be in compliance with the current food labeling and relevant hygiene and sanitary regulations. Suppliers should submit the health certificates and the results of laboratory tests for the goods as and when required.

Evaluation on any suppliers for the initial provision of food merchandise shall be conducted by the procurement department. Such evaluation shall be in compliance with standards regarding food safety, performance of suppliers, hygiene documentary evidences, business reputation, sustainability and corporate social responsibility. The Group will conduct irregular review on the continued suppliers, including making an inspection tour to the production workshops of the suppliers.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Qualified suppliers will be registered under the “Approved List of Suppliers” of the Group. Up to 31 March 2015, there were 248 suppliers under the “Approved List of Suppliers” who provided different types of products and services to the Group.

To monitor the product quality and service level of suppliers, the suppliers who are subject to evaluation (against those who offered high-usage/high-risk products/received complaints in respect of food safety) will be selected by the Hazard Analysis and Critical Control Point (HACCP) team and the procurement department of the Group after discussion during every year end meeting.

The Group has blacklisted certain suppliers who had major quality problems, committed fraudulent acts and used deceptive weight and packaging. The procurement department shall conduct investigation and give notice to the suppliers demanding for improvements so as to ensure the Group’s product quality and interests of consumers.

Quality Assurance

The Group has always strived to provide quality food and service and places the utmost importance to customers’ comments and advices. Through establishment of a comprehensive feedback system, the customers are able to communicate with the Group in many different ways, such as customer service hotline, e-mail, social media page, facsimile, letter or feedback form. The Group has specifically assigned personnel to follow up each case and has taken appropriate action in accordance with established policies and procedures.

Intellectual Property Rights

The Group respects and protects intellectual property rights. The Group currently operates its restaurants under its core brand “Tsui Wah” and its sub-brands “Tsui Wah Concept (翠華Concept)”, “Tsui Wah Delivery”, “Tsui Wah EATery” and “Supreme Catering”. The Group have taken active steps to protect its trademarks and other intellectual property rights by making the necessary filing or registration, and have also engaged a legal advisor to advise on intellectual property rights registration and renewal matters. In regions where the Group has a presence or the Group is considering expanding into, it will conduct detailed studies to ascertain whether there are any infringing acts in those areas and will consider appropriate actions when any infringing acts occur.

The Group’s other intellectual property rights consist primarily of intellectual property rights with respect to the information management systems, proprietary know-how and secret recipes. To enhance the employees’ awareness of preserving such intellectual property rights, the Group has implemented a set of internal intellectual property management rules in its employees’ manual. The use of its central kitchens also enables the Group to preserve its secret recipes by disclosing it to a minimum number of staff on a “need-to-know” basis. The Group’s employment contracts with employees also contains confidentiality provisions with respect to handling of its confidential information.

Protection Of Personal Data

As the Group has established a comprehensive feedback system, the data collected from its customers from time to time may consist of personal information. In this regard, the Group complies with the provisions of the Personal Data (Privacy) Ordinance to ensure that the personal data collected will be treated confidentially and only for specific purposes.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

WORKING ENVIRONMENT

The Group regards its staff as the most important asset and resource of the Group as they help to sustain its core values and culture. The Group offered internal vocational training activities and encouraged its staff to attend external training courses to develop personal skills. During the year under review, a total of 6,577 hours of training were provided to the staff of the Group and the average training hours completed by each of the employee is approximately 6.2 hours. The training offered by the Group include occupational health and safety, operation management and leadership skills. The Group also arranged a mentorship programme to provide peer’s support.

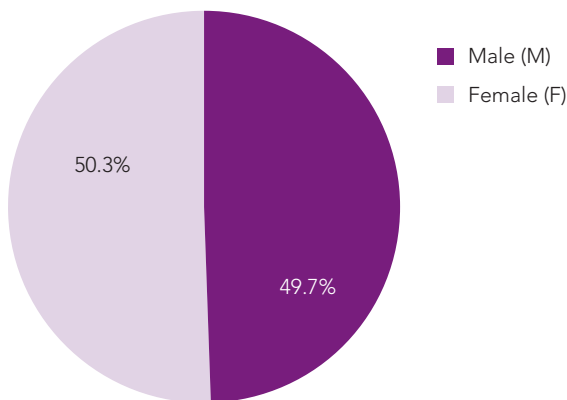


Employee Structure

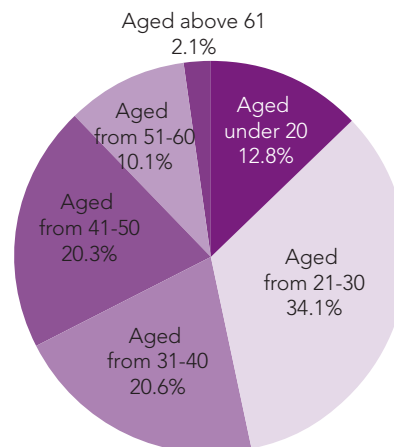
The Group is principally engaged in the operation of Cha Chaan Teng, therefore, a strong and stable workforce is vital for its normal operations. As at 31 March 2015, the Group had a workforce of 3,886 (excluding the staff employed by the joint ventures), of which around 2,302 were employed in Hong Kong and around 1,584 were employed in China.

The Group strives to provide a work environment with equal opportunities. As at 31 March 2015, the Group’s male-to-female employees ratio was nearly 1:1. The Group had also recruited from a diverse age group. As at 31 March 2015, the Group’s staff aged 21 to 30 years old, 31 to 40 years old and 41 to 50 years old represented approximately 34.1%, 20.6% and 20.3% of the Group’s total workforce, respectively.

Male-to-female ratio



Age proportions



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety Policy

As employees are the most important asset and resource of the Group, the primary goal is to provide a safe and healthy working environment for the employees under reasonable and practicable conditions. The Group is committed to achieving this goal by implementing the following measures:

1. Establishing and maintaining high standard of healthy and safe environment in each workplace;
2. Providing and maintaining in all workplaces under the Group's control a working environment which is safe and poses no threat to health;
3. Ensuring that all devices and working system are safe and pose no threat to health;
4. Ensuring that the use, processing, storage and transportation of all items and materials are safe and pose no threat to health;
5. Providing employees with safety equipment and protective clothing when necessary, and keeping those equipments always in good working order;
6. Providing employees with appropriate information, training and supervision when necessary to ensure the health and safety of all employees at work;
7. Providing at workplaces with easy accesses which are safe and pose no threat to health;
8. Keeping the workplaces clean and avoiding nuisance caused by the sewage flowing out of the drainage system, sanitation facilities or toilets;
9. Maintaining good ventilation at workplaces;
10. Ensuring and maintaining sufficient lighting at workplaces or accesses, and keeping glass windows and skylights for light penetration clean and clear;
11. Avoiding overcrowded workplaces;
12. Providing sufficient sanitation facilities and washrooms at workplaces;
13. Providing sufficient drinking water at workplaces;
14. Providing good maintenance for all floors, walls, ceilings, windows and skylights to avoid cracking risk;
15. Always keeping even and dry floor at workplaces so as to avoid slipping and tripping out of obstacles or other potential hazards;
16. Ensuring proper storage of all goods and materials to eliminate hazards to others;
17. Conducting assessment for promotion;
18. Providing sufficient first-aid kit at workplaces;
19. Ensuring effective transmission, discussion and consultation of health and safety-related matters; and
20. Supervising the implementation of safety measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Staff Training and Development

The Group has always viewed “Tsui Wah Family, Quality Culture, Hong Kong Representative, Catering Model (翠華人家 • 質優文化 • 香港代表 • 餐飲典範)” as its mission. The Group treat its employees as family members, consistently adhering to its “people-oriented” principle which is in line with its philosophy of “Incubation of Talent, Construction, Development (造才 • 建構 • 發展)”, in that “Incubation of Talent (造才)” always comes first. Talents are the essential element of catering industry afterall.

The Group values the importance of the growth and development of its employees and has formulated a strategy for talent retention, the Group also strives to provide them with training on various aspects of catering services and a clear career path with promotion prospects. Different benefits are also provided to retain talents.

As a measure to attract potential candidate to join the Group, the Group offers diversified and professional training programmes to ensure they are qualified to carry out job duties. The programmes cover training for frontline table services and value-added training for production department. The Group has also arranged employees to participate in secondment. Moreover, the Group also provides young people with a clear career path as an incentive to join the catering industry.

To strengthen the Group’s competitiveness in the labour market, the Group has been improving the management system and remuneration package to retain talents. The Group believes “Retention” precedes “Recruitment” in its recruitment strategy.

During the year, the Group was bestowed certain awards in respect of human resources in recognition of its contribution in this aspect. A summary is set out below:

- The Group was awarded “Outstanding Award for Employers” by Employees Retraining Board.
- The Group was awarded “Family-Friendly Employer 2013/2014” by Family Council.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL PROTECTION

The Group committed to fulfill sustainable development and promote preservation of resources with its environmental responsibility. The Group joined the campaign “Food Wise Hong Kong” held by the Environment Bureau of Hong Kong, aiming to encourage customers to reduce food waste and promoting the concept “Think before you order”, and also support the meatless menu campaign with environmental organisation to encourage meat-free green diet and reduce carbon usage, which in turn slow down global warming.

In order to minimise the impact of its business operation on the environment, the central kitchens and certain branches of the Group are implementing measures for environmental protection, including using energy efficient appliances and equipment to achieve additional energy savings and reduce gas emissions, operating lighting control systems for regional power supply based on actual need and joining wasted oil recycling plan regularly, thereby the wasted cooking oil will be provided to biodiesel producer for conversion into renewable energy, with the aim of reduction of greenhouse gas emissions and air pollution.

The Group, as a leader in the Cha Chaan Teng sector in Hong Kong, recognises its corporate responsibilities to protect the environment and endeavours to minimise food wastage. The Group also realised the importance in promoting public awareness of reducing food wastage. Therefore, the Group has established Sustainable Development Committee to review matters on environmental protection, environment and safety in its restaurants on a regular basis and promote environmental protection in its restaurants. In addition, the Group has established Quality Management Department which is responsible for environmental protection, environment and safety matters. Apart from food safety, employee safety, customer safety and safety management, the department’s main duties also involve matters relating to environment and environmental protection, ensuring the Group’s operation is running on a sustainable model. Moreover, the department also implements the 5-S model regularly to improve its restaurants continuously.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Set out below are various measures in respect of energy saving and carbon reduction as well as waste management implemented by the Group:

Food Waste Separation

- Food wastes separation has been implemented in the Group's restaurants located at the Hong Kong International Airport, the Peak, Tai Po and its subbrand Tsui Wah EATery.
- The Group's restaurants located at the Hong Kong International Airport, the Peak and its subbrand Tsui Wah EATery worked with AAHK and property management companies respectively to deliver separated food waste to food waste plants and process them into fish feed and soil conditioner so as to relieve the pressure on landfills.
- All restaurants of the Group give full support to the Food Waste Recycling Partnership Scheme of Environmental Protection Department to carry out food waste separation and collection.

Waste Oil Recycling Scheme

The central kitchens and restaurants of the Group have implemented the waste oil recycling scheme in tranches in 2014. Under this scheme, qualified recyclers collect waste oil produced by cooking then convert it into renewable energy.

In addition, the Group also participates in the Hong Kong Cooking Oil Registration Scheme launched by Hong Kong 2015 Quality Assurance Agency. This scheme is designed to commend suppliers who committed to choose cooking oil of reliable source and waste oil will be recycled by waste oil recyclers.

Bread Donation

Since September 2014, the Group's restaurants and Foodlink Foundation, a Non-Governmental Organisation in Hong Kong, jointly launched a bread recycling scheme. As of 31 March 2015, a total of 1,608 pieces of bread have been collected. The Group has been actively looking for cooperating organisations to gradually promote the bread donation scheme to all restaurants of the Group.

Computer Recycling

The Group cooperated with Caritas Computer Workshop to donate 20 computers related products to Caritas Computer Workshop. Besides recycling unused computers and reducing computer waste, the computer recycling scheme also distributes computers that can be reused to the needy.

Central Kitchens

All central kitchens of the Group adopt centralised food processing model which enhances utilisation of raw materials and reduces wastage. In contrast with the previous supply model that suppliers delivered raw materials directly to its restaurants, the central kitchens employ the centralised logistics for delivery of food to each restaurants, which successfully reducing frequencies of delivery, and in turns contributing to reduction of carbon emission. The Group's central kitchens operate under an electrified model, under which electricity, a cleaner energy, is used to reduce pollution and achieve energy efficiency. After the adoption of electrified model, no combustion air fan is required in the kitchens, as a result, reducing noise as well as improving air quality and reducing gas emission.

Transportation Fleet

The transportation fleet of the Group use environment-friendly trucks that meet the emission and noise control standards issued by the Hong Kong Government. The vehicles are also equipped with diesel particulate filters which have reduced particulate emissions, facilitating environmental protection.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Purchasing Policies

- The napkins used in the Group's restaurant are certified by Forest Stewardship Council (Forest Stewardship Council certificate).
- The Group implements its environment-friendly purchasing policy by selecting suppliers compliant with the fair trade principle.
- Order forms and reports of the Group's restaurants are printed with recycled paper.
- The Group's restaurants use bio-degradable detergent.
- Plastic buckets for containing detergent in the Group's restaurants will be recycled to avoid producing garbage.

Electrical Devices

All light switches in the Group's restaurants are labeled for identification to reduce unnecessary wastage of electricity. Moreover, regional lighting control system is programmed to turn off illumination for certain unoccupied areas of individual restaurant with reference to its customer traffic flow.

- Lighting appliances in existing restaurants have been gradually replaced by LED (Light Emitting Diode) lighting appliances. Signboards of new opening restaurants are illuminated by LED. The signboards are also equipped with timers to facilitate operation of restaurants and to reduce energy consumption.
- Currently all of the Group's new restaurants employ electrical kitchen appliances, except for frying stove, if adequate power supply is available. In the case of inadequate power supply, certain appliances will be switched to alternative energy.
- The Group utilise daylight and natural ventilation as far as possible to reduce electricity requirement for artificial lighting and mechanical ventilation and air-conditioning.

Air-Conditioning Devices

- Regional air-conditioning control system is programmed to turn off certain units in unoccupied areas of individual restaurant with reference to its customer traffic flow, and automatic temperature sensor is installed to maintain normal temperature in restaurants.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Water-Consumption Appliances

- In the cleaning process, without directly spraying water onto the containers, its employees use scrapers or brushes to remove residual before cleaning with water, the Group use water-saving dishwashers to save water usage when washing dishes by hand.
- If washrooms are in place in restaurants, dual-mode flushing toilets and sensor-operated automatic urinals will be installed.
- Brooms and mops are used to clean floor in the kitchen, dining area and outdoor areas to avoid spraying water.

Training on Energy Saving

- The Group has appointed World Green Organisation (“WGO”) as its environmental protection partner to provide advice on solutions of improving environmental protection and environment matters. It will also provide training courses to raise employees’ awareness of environment and environmental protection.
- All staff of the Group have participated in “Green-belt” and “Blue-belt” courses for 5-S Practice, enhancing their awareness of 5-S practice and occupational safety and health, which has in turn improved their control on and sense of energy (including water and electricity) consumption.
- Employees have participated in Quality Restaurant Environmental Management Scheme (“QREMS”) to raise their awareness in seven aspects, including energy efficiency, water efficiency, waste management, sewage management, air pollution control, noise pollution control and overall environmental management.
- Employees are arranged to join the “Food Wise Hong Kong Campaign — Waste Reduction Workshop” to raise their awareness of food waste.

Green Label/Certification

- 5-S Practice — The Group has strived to learn and introduce 5-S practice on-site management system and the related certification, aiming to improve its restaurants with a consistent objective “Achieving Quality Management by 5-S and Offering Quality Services to Customers (質優管理五常法優質服務待顧客)”.
- The Group participated in the QREMS in 2013 and 2014. Through participation in this scheme, the Group expects to assist the industry in improving aspects such as resources utilisation, pollution control and overall environmental management.
- Food Wise Hong Kong Campaign — the Group signed the Statement of Commitment of Food Wise Charter in October 2013. This scheme encourages Hong Kong caterers to reduce food waste by adopting measures or through services and products.
- “Food Safety Charter” — in February 2014 the Group signed the Food Safety Charter issued by Centre for Food Safety to keep updated on food safety development, enhance food safety, promote a positive image of the industry.
- GREENPLUS Award 2014 held by CLP — Gold Award under the Hong Kong Style Food & Beverage category
- HKIA Environmental Management Recognition Scheme — Gold Award



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Protection Activities

- The Group participated in “No Leftover” campaign organised by Greeners Action and sponsored awards of its online game.
- The Group participated in “Save Food Day” organised by Greeners Action, encouraging customers to order “smaller portions” according to their own capacity to reduce food wastage.
- The Group supported Green Monday’s action and introduce meat-free green diet, encouraging green diet a day per week.
- Food Wise Hong Kong Campaign — Promoting “If you can’t finish your food, don’t waste it” as the primary message, we started to place promotional materials on tables, show related posters on LCD-televisions and distribute bookmarks at cashiers since March.
- The Group joined the 5-S Innovation Award held by the HK 5-S Association. Employees of its restaurants recycled waste materials to produce products at no cost. This has also strengthened utilisation of 5-S among staff and incubated innovative ideas.

COMMUNITY ENGAGEMENT

The Group is constantly aware of the community needs and takes up its corporate responsibility with best efforts to make contribution to the community by organising various fundraising events and sponsored community activities. The Group grows with Hong Kong people over the years and has been actively contributing to the society, caring for the community, making donations and supporting environmental protection while pursuing profit. The Group has set aside reserved funds for social services and encouraged its staff and their families to help people in need, demonstrating its corporate social responsibility and promoting the caring culture in the society.

Promotion of Caring Culture

The Group has closely cooperated with charitable organisations and encouraged its staff to reach out to the community in support of social services. Tsui Wah has encouraged its staff to participate in social inclusion activities to promote harmony interaction between disabled and able person and support for the disadvantaged groups. To promote harmonious community, Tsui Wah employees visited charitable organisations during festivals to send warmth and love to elderly and the sick. As the Group emphasises on youth development, it had actively taken part in “School-Company Partnership” created by the Young Entrepreneurs Development Council which enables students to understand the operation of enterprises and broaden their horizons, also help students building a better vision of their future career path through the workshops.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Donation

As a responsible enterprise, the Group highly values charity work and community participation, hoping to contribute itself to Hong Kong society. In the past years, the Group has actively participated in various charity programs, including donating food and fund to various charities. By sponsoring community activities, the Group shows care to elderly, the sick and the disadvantaged families, and encourages staff members to participant in charity programs to give back to the community.

On another note, the Group emphasises on staff training, offering room for individual staff's personal growth and long-term career development, so that staff could grow together with the Group.

During the year, the Group was praised in many occasions, recognising its participation in community activities and contribution to sustainable development, which are summarised as follows:


- The Group was awarded “Caring Company 2014/15” by the Hong Kong Council of Social Service.
- The Group participated in various volunteering activities, including giving out mooncakes and paying visits in the Mid-Autumn Festival. Beneficiaries included: Oi Man Neighbourhood Elderly Centre of Yang Memorial Methodist Social Service (循道衛理楊震社會服務處愛民長者鄰舍中心), Tsui Lam Integrated Vocational Rehabilitation Service of Christian Family Service Centre (基督教家庭服務中心綜合職業復康服務翠林工場) and Fu Tai Nursing Home (富泰護理安老院).
- The Group contributed donation and participated in New Territories Walk for Millions 2015 organised by the Community Chest.
- The Group sponsored the “Dragon Boat Medium Course Championship (Mixed)” (“男女子混合中龍錦標賽”) organised by Aberdeen Dragon Boat Race Committee, and participated in The Fourth Aberdeen Dragon Boat Race 2014 — Family + Fish Charity Cup as well as the fish distributing activity to distribute fresh fish to the citizens for their celebration of the joyous Dragon Boat Festival.



REPORT OF DIRECTORS

The Directors present this report together with the audited financial statements of the Group for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the operation of a chain of *Cha Chaan Teng* under  “Tsui Wah (翠華)” brand, with 31 restaurants in Hong Kong, 19 restaurants in China and one restaurant in Macau as at 31 March 2015.

The listing of and the permission to deal in the Shares on the Main Board of The Stock Exchange commenced on 26 November 2012.

FINANCIAL RESULTS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of profit or loss on page 63 of this annual report.

CASH FLOW POSITION

The cash flow position of the Group for the year ended 31 March 2015 is set out and analysed in the consolidated statement of cash flows on pages 68 to 69 of this annual report.

DIVIDEND

An interim dividend of HK2.0 cents per Share for the six-month period ended 30 September 2014, amounting to approximately HK\$28.1 million (30 September 2013: HK\$27.9 million) was paid to the Shareholders.

The Board recommended the distribution of a final dividend of HK6.0 cents per ordinary share to the Shareholders whose names appear on the register of members of the Company on Wednesday, 26 August 2015, subject to the approval of the Shareholders at the forthcoming 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 Friday, 4 September 2015.

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

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Monday, 10 August 2015 to Friday, 14 August 2015 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to attend the forthcoming AGM to be held on Friday, 14 August 2015, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 7 August 2015.

The register of members of the Company will be closed from Monday, 24 August 2015 to Wednesday, 26 August 2015 (both days inclusive), 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, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 21 August 2015.

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 124 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to HK\$2,059,680,000. The amount of HK\$2,059,680,000 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 67 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment of the Group for the year ended 31 March 2015 are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital as at 31 March 2015 are set out in note 26 to the financial statements.

REPORT OF DIRECTORS

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 are in 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 grantees (the “**Grantees**”) on or before 7 November 2012, no further options has been or will be granted under the Pre-IPO Share Option Scheme since then. The exercise price per Share is HK\$2.27, which is equivalent to the global offering price per Share. All options granted under the Pre-IPO Share Option scheme on or before 7 November 2012 may be exercised in the following manner:

Grantee(s)	Exercise Period	Maximum percentage of options exercisable
Mr. Lee Yuen Hong (“ Mr. Lee ”)	Commencing on the first anniversary date of the Listing Date upon fulfillment of certain conditions and ending on 25 November 2017	33% of the total number of options granted to Mr. Lee
	Commencing on the second anniversary date of the Listing Date upon fulfillment of certain conditions and ending on 25 November 2017	33% of the total number of options granted to Mr. Lee
	Commencing on the third anniversary date of the Listing Date upon fulfillment of certain conditions and ending on 25 November 2017	34% of the total number of options granted to Mr. Lee
Mr. Lock Kwok On Anthony (“ Mr. Lock ”) and Mr. Chan Hoi Tung (“ Mr. Chan ”)	Commencing on the first anniversary date of the Listing Date and ending on 25 November 2016	33% of the total number of options granted to Mr. Lock and Mr. Chan
	Commencing on the second anniversary date of the Listing Date and ending on 25 November 2016	34% of the total number of options granted to Mr. Lock and Mr. Chan
	Commencing on the third anniversary date of the Listing Date and ending on 25 November 2016	33% of the total number of options granted to Mr. Lock and Mr. Chan
Other grantees other than Mr. Lee, Mr. Lock and Mr. Chan	Commencing on the first anniversary date of the Listing Date and ending on 25 November 2015	50% of the total number of options granted to the grantees other than Mr. Lee, Mr. Lock and Mr. Chan
	Commencing on the second anniversary date of the Listing Date and ending on 25 November 2015	50% of the total number of options granted to the grantees other than Mr. Lee, Mr. Lock and Mr. Chan

REPORT OF DIRECTORS

SHARE OPTION SCHEMES *(Continued)*

Pre-IPO Share Option Scheme *(Continued)*

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

As at the date of this annual report, the Company had 49,904,072 share options outstanding under the Pre-IPO Share Option Scheme, representing approximately 3.5% of the issued share capital of the Company as at that date.

Details of the share options granted, exercised, forfeited and cancelled under the Pre-IPO Share Option Scheme during the year ended 31 March 2015 are as follows:

Grantee(s) ⁽¹⁾	Date of grant	Exercisable period ⁽¹⁾	Exercise price	Number of share options				Balance as at 31 March 2015
				Balance as at 1 April 2014	Granted during the year	Exercised during the year	Cancelled or forfeited during the year	
Mr. Lee	7 November 2012	26 November 2013 to 25 November 2017	HK\$2.27 per Share	26,800,054	–	–	–	26,800,054
Mr. Lock	7 November 2012	26 November 2013 to 25 November 2016	HK\$2.27 per Share	17,866,720	–	–	–	17,866,720
Ms. Li Tsau Ha	7 November 2012	26 November 2013 to 25 November 2015	HK\$2.27 per Share	137,308	–	(137,308)	–	–
Mr. Yang Dong John	7 November 2012	26 November 2013 to 25 November 2015	HK\$2.27 per Share	137,308	–	–	–	137,308
Mr. Chan	7 November 2012	26 November 2013 to 25 November 2016	HK\$2.27 per Share	8,933,360	–	(4,533,351)	(4,400,009) ⁽³⁾	–
Employees in aggregate	7 November 2012	26 November 2013 to 25 November 2015	HK\$2.27 per Share	10,577,071 ⁽²⁾	–	(3,432,809)	(698,107) ⁽⁴⁾	6,446,155 ⁽⁵⁾
				64,451,821	–	(8,103,468)	(5,098,116)	51,250,237

Notes:

- (1) Respective details of the share options exercisable by the respective Grantees are set out on page 47 of this annual report.
- (2) As at 1 April 2014, 178 employees were Grantees under the Pre-IPO Share Option Scheme.
- (3) Mr. Chan ceased to be employed by the Group on 31 January 2015 and accordingly all outstanding share options granted to him were forfeited.
- (4) During the year ended 31 March 2015, 10 Grantees, other than Mr. Chan, ceased to be employed by the Group and accordingly the share options granted to these employees, which amounted to a total of 698,107 share options, were forfeited.
- (5) As at 31 March 2015, there were 167 employees who were Grantees under the Pre-IPO Share Option Scheme.

SHARE OPTION SCHEMES *(Continued)***Share Option Scheme**

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 5 November 2012 for the purpose of giving certain Eligible Persons (as defined below) an opportunity to have a personal stake in the Company and motivating them to optimise their future performance and efficiency to the Group and/or rewarding them for their past contributions, and attracting and retaining, or otherwise maintaining on-going relationships with, such eligible persons 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 (“**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 9.43% 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 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.

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. Participants of the Share Option Scheme are required to pay HK\$1 and submit to the Company a duly signed offer letter as the consideration for the grant. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

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

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

REPORT OF DIRECTORS

SHARE OPTION SCHEMES *(Continued)*

Share Option Scheme *(Continued)*

During the year ended 31 March 2015, no options were granted by the Board under the Share Option Scheme.

Further details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in note 27 to the financial statements.

DIRECTORS

The Directors who held office during the year ended 31 March 2015 and up to the date of this annual report are:

Executive Directors (all appointed with effect from 29 May 2012):

Mr. Lee Yuen Hong *(Chairman)*
Mr. Ho Ting Chi
Mr. Cheung Yu To
Mr. Cheung Yue Pui

Non-executive Director:

Mr. Cheung Wai Keung *(redesignated from an executive Director to a non-executive Director on 16 August 2014)*

Independent non-executive Directors (all appointed with effect from 5 November 2012):

Mr. Goh Choo Hwee
Mr. Wong Chi Kin
Mr. Yim Kwok Man

Pursuant to Article 84(1) of the Articles of Association, one-third of the Directors will retire by rotation at each annual general meeting of the Company. In addition, Code Provision A.4.2 of the CG Code also stipulates that each Director shall retire from office by rotation at least once every three years.

Mr. Cheung Yu To, Mr. Yim Kwok Man and Mr. Goh Choo Hwee will retire by rotation and be eligible to offer themselves for re-election at the forthcoming AGM to be held on 14 August 2015.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 16 to 20 of this annual report.

REPORT OF DIRECTORS

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

As at 31 March 2015, 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 (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, were as follows:

Interest in the Shares of the Company

Name of Director	Nature of interest	Number of Shares	Number of Shares subject to options granted under Pre-IPO Share Option Scheme	Total	Approximate percentage of shareholding ⁽³⁾
Mr. Lee Yuen Hong ⁽¹⁾	Beneficial interest, interests held jointly with another person; interest in a controlled corporation	878,956,000 (L)	26,800,054 ⁽²⁾	905,756,054	64.12%
Mr. Ho Ting Chi ⁽¹⁾	Interests held jointly with another person; interest in a controlled corporation	878,956,000 (L)	–	905,756,054 ⁽²⁾	64.12%
Mr. Cheung Yue Pui ⁽¹⁾	Interests held jointly with another person; interest in a controlled corporation	878,956,000 (L)	–	905,756,054 ⁽²⁾	64.12%
Mr. Cheung Yu To ⁽¹⁾	Interests held jointly with another person; interest in a controlled corporation	878,956,000 (L)	–	905,756,054 ⁽²⁾	64.12%
Mr. Cheung Wai Keung ⁽¹⁾	Interests held jointly with another person; interest in a controlled corporation	878,956,000 (L)	–	905,756,054 ⁽²⁾	64.12%

REPORT OF DIRECTORS

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

Interest in the Shares of the Company (Continued)

Name of chief executives	Nature of interest	Number of Shares	Number of Shares subject to options granted under Pre-IPO Share Option Scheme	Total	Approximate percentage of shareholding ⁽³⁾
Mr. Lock Kwok On Anthony	Beneficial interests and interest in controlled corporation	18,800,000 (L)	17,866,720	36,666,720	2.60%

(L) denotes long position

Notes:

- Pursuant to a deed of confirmation dated 5 November 2012 (the "**Deed of Confirmation**"), Mr. Lee Yuen Hong, Mr. Ho Ting Chi, 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 in accordance with the unanimous consent of all of them. Each of Mr. Lee Yuen Hong, Mr. Ho Ting Chi, 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 Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
- 905,756,054 Shares consist of 878,956,000 Shares and 26,800,054 share options. The 26,800,054 share options were granted under the Pre-IPO Share Option Scheme to Mr. Lee Yuen Hong personally, but pursuant to the Deed of Confirmation, Mr. Ho Ting Chi, Mr. Cheung Yue Pui, Mr. Cheung Yu To and Mr. Cheung Wai Keung are deemed to be interested in such share options by virtue of the SFO.
- These percentages are calculated on the basis of 1,412,538,536 Shares in issue as at 31 March 2015.

On 22 April 2014 and 23 April 2014, a controlling shareholder (as defined in the Listing Rules), namely Cui Fa Limited, a company that is jointly owned by Mr. Lee Yuen Hong, Mr. Ho Ting Chi and Mr. Cheung Yu To, has acquired an aggregate of 7,000,000 Shares from secondary market.

Save as disclosed above, as at 31 March 2015, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

REPORT OF DIRECTORS

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

Interest in the Shares of the Company *(Continued)*

Save as disclosed above, as at 31 March 2015, none of the Directors and chief executives of the Company or their respective associates had any interests and short positions in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2015 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the 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' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2015, so far as is known to the Directors or chief executives of the Company, the following persons other than a Director or chief executive of the Company had an interest or a short position in the Shares and underlying Shares which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of shareholding ⁽⁷⁾
Ms. Chan Choi Fung ⁽¹⁾	Interest of a spouse	905,756,054 (L)	64.12%
Ms. Tai Ngan Har Talia ⁽²⁾	Interest of a spouse	905,756,054 (L)	64.12%
Ms. Lam Hiu Man ⁽³⁾	Interest of a spouse	905,756,054 (L)	64.12%
Ms. Woo Chun Li ⁽⁴⁾	Interest of a spouse	905,756,054 (L)	64.12%
Ms. Lui Ning ⁽⁵⁾	Interest of a spouse	905,756,054 (L)	64.12%
Cui Fa Limited ⁽⁶⁾	Beneficial owner	770,092,000 (L)	54.52%

(L) denotes long position

REPORT OF DIRECTORS

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

Notes:

- (1) Ms. Chan Choi Fung is the spouse of Mr. Lee Yuen Hong. Under the SFO, Ms. Chan Choi Fung is taken to be interested in the same number of Shares in which Mr. Lee Yuen Hong is interested.
- (2) Ms. Tai Ngan Har Talia is the spouse of Mr. Ho Ting Chi. Under the SFO, Ms. Tai Ngan Har Talia is taken to be interested in the same number of Shares in which Mr. Ho Ting Chi is interested.
- (3) Ms. Lam Hiu Man is the spouse 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.
- (4) Ms. Woo Chun Li is the spouse 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.
- (5) Ms. Lui Ning is the spouse 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.
- (6) As at 31 March 2015, Cui Fa Limited was held as to approximately 48.19%, 37.35% and 14.46% by Mr. Lee Yuen Hong, Mr. Ho Ting Chi and Mr. Cheung Yu To, respectively.
- (7) These percentages are calculated on the basis of 1,412,538,536 Shares in issue as at 31 March 2015.

Save as disclosed herein, as at 31 March 2015, there was no other person so far known to the Directors or chief executives of the Company, other than a Director or chief executive of the Company as 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.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed on pages 56 to 59 of this annual report and note 33 to the financial statements, there were no 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 had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company on 5 November 2012 for a term of three years commencing from 5 November 2012, and such service agreements may be terminated in accordance with the terms of the service agreements.

The non-executive Director has entered into a service agreement with the Company for a term of one year commencing from 16 August 2014, and such service agreement may be terminated in accordance with the terms of the service agreement.

Each of independent non-executive Directors was appointed to the Board pursuant to their respective letters of appointment dated 5 November 2012, for an initial term of three years commencing from the Listing Date, and such appointment may be terminated in accordance with the terms of the letters of appointment.

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

REPORT OF DIRECTORS

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person engaged in 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 makes recommendations to the Board on the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. Details of the Directors' remuneration are set out in note 8 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 March 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2015, 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 also under 30%.

None of the Directors, their associates or any Shareholders of the Company, 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 sufficient prescribed public float of the issued Shares as required under the Listing Rules.

DEED OF NON-COMPETITION

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

RETIREMENT BENEFIT SCHEMES

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

EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2015 and up to the date of this annual report.

REPORT OF DIRECTORS

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

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

Property lease agreements

Des Voeux Road Central Tsui Wah Restaurant

Pursuant to a lease entered into between Joy Express Limited and Tsui Wah Catering Limited, an indirect wholly-owned subsidiary of the Company, on 5 November 2012 (the “**Des Voeux Road Lease Agreement**”), Tsui Wah Catering Limited agreed to lease from Joy Express Limited 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 Premises**”) at an annual rent of HK\$9,600,000 for each of the years ending 31 March 2013 and 31 March 2014 and HK\$11.6 million for the year ended 31 March 2015. The term of the lease granted under the Des Voeux Road Lease Agreement is valid from 5 November 2012 to 31 March 2015. The Des Voeux Road Premises has been used by Tsui Wah Catering Limited as a restaurant.

Joy Express Limited is principally engaged in the business of property investment. It is owned as to 40%, 30%, 10%, 10% and 10% by Mr. Lee Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Yue Pui and Mr. Cheung Wai Keung, respectively, all of whom are the Directors, and Joy Express Limited is therefore an associate of a connected person of the Company under the Listing Rules.

The annual cap for the rent payable by Tsui Wah Catering Limited to Joy Express Limited for the Des Voeux Road Premises for the three years ending 31 March 2013, 31 March 2014 and 31 March 2015 were HK\$9,600,000, HK\$9,600,000 and HK\$11,600,000, respectively.

During the year ended 31 March 2015, the aggregate rent paid by Tsui Wah Catering Limited to Joy Express Limited was HK\$11,600,000.

Aberdeen Tsui Wah Restaurant

Pursuant to a lease entered into between Champion Stage Limited and Royal Gold International Limited, an indirect wholly-owned subsidiary of the Company, on 5 November 2012 (the “**Aberdeen Lease Agreement**”), Royal Gold International Limited agreed to lease from Champion Stage Limited 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, No. 18, Yue Fai Road, Hong Kong (the “**Aberdeen Premises**”) at an annual rent of HK\$1,572,000 for each of the years ending 31 March 2013 and 31 March 2014 and HK\$1,900,000 for the year ended 31 March 2015. The term of the lease granted under the Aberdeen Lease Agreement is valid from 5 November 2012 to 31 March 2015. The Aberdeen Premises has been used by Royal Gold International Limited as a restaurant.

Champion Stage Limited is owned as to 50%, 37.5% and 12.5% by Mr. Lee Yuen Hong, Mr. Ho Ting Chi and Mr. Cheung Yu To, respectively, all of whom are the Directors, and it is therefore an associate of a connected person of the Company under the Listing Rules.

The annual cap for the rent payable by Royal Gold International Limited to Champion Stage Limited for the Aberdeen Premises for the three years ending 31 March 2013, 31 March 2014 and 31 March 2015 were HK\$1,572,000, HK\$1,572,000 and HK\$1,900,000, respectively.

During the year ended 31 March 2015, the aggregate rent paid by Royal Gold International Limited to Champion Stage Limited was HK\$1,900,000.

REPORT OF DIRECTORS

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

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

Property lease agreements *(Continued)*

Central Kitchen

Pursuant to a lease entered into between Fame City International Limited and Dragonsea Limited, an indirect wholly-owned subsidiary of the Company, on 5 November 2012 (the “**Central Kitchen Lease Agreement**”), Dragonsea Limited agreed to lease from Fame City International Limited the premises of a total saleable floor area of approximately 1,133.87 sq.m. located at Units A-C, 4/F, Southeast Industrial Building, No. 611-619 Castle Peak Road, Tsuen Wan, Hong Kong (the “**Central Kitchen Premises**”) at an annual rent of HK\$658,800 for each of the years ending 31 March 2013 and 31 March 2014 and HK\$800,000 for the year ended 31 March 2015. The term of the lease granted under the Central Kitchen Lease Agreement is valid from 5 November 2012 to 31 March 2015. The Central Kitchen Premises has been used by Dragonsea Limited as the central kitchen.

Fame City International Limited is owned as to 20%, 20%, 20%, 20% and 20% by Mr. Lee Yuen Hong, Mr. Cheung Yu To, Mr. Cheung Wai Keung, Mr. Cheung Yue Pui and Mr. Ho Ting Chi, respectively, all of whom are the Directors, and it is therefore an associate of a connected person of the Company under the Listing Rules.

The annual cap for the rent payable by Dragonsea Limited to Fame City International Limited for the Central Kitchen Premises for the three years ending 31 March 2013, 31 March 2014 and 31 March 2015 were HK\$658,800, HK\$658,800 and HK\$800,000, respectively.

During the year ended 31 March 2015, the aggregate rent paid by Dragonsea Limited to Fame City International Limited was HK\$800,000.

Hung To Road Tsui Wah Restaurant and Catering Services Centre

Pursuant to a lease entered into between Success Path Limited and Richberg Development Limited, an indirect wholly-owned subsidiary of the Company, on 5 November 2012 (the “**Hung To Road Restaurant and Catering Services Centre Lease Agreement**”), Richberg Development Limited agreed to lease from Success Path Limited 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**”) at an annual rent of HK\$2,580,000 for each of the years ending 31 March 2013 and 31 March 2014 and HK\$3,100,000 for the year ended 31 March 2015. The term of the lease granted under the Hung To Road Restaurant and Catering Services Centre Lease Agreement is valid from 5 November 2012 to 31 March 2015. The Hung To Road Premises has been used by Richberg Development Limited as a restaurant and catering service centre.

Success Path Limited is owned as to 40%, 30%, 10%, 10% and 10% by Mr. Lee Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Yue Pui and Mr. Cheung Wai Keung, respectively, all of whom are the Directors, and it is therefore an associate of a connected person of the Company under the Listing Rules.

The annual cap for the rent payable by Richberg Development Limited to Success Path Limited for the Hung To Road Premises for the three years ending 31 March 2013, 31 March 2014 and 31 March 2015 were HK\$2,580,000, HK\$2,580,000 and HK\$3,100,000, respectively.

During the year ended 31 March 2015, the aggregate rent paid by Richberg Development Limited to Success Path Limited was HK\$3,022,000.

REPORT OF DIRECTORS

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

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

Property lease agreements *(Continued)*

Office

Pursuant to a lease entered into between Success Path Limited and Tsui Wah Efford Management Limited, an indirect wholly-owned subsidiary of the Company, on 5 November 2012 (the “**Office Lease Agreement**”), Tsui Wah Efford Management Limited agreed to lease from Success Path Limited the premises of a total saleable floor area of approximately 875.98 sq.m. located at 3/F, 5/F and 6/F, Tsui Wah Group Centre, 50 Lai Yip Street, Ngau Tau Kok, Kowloon, Hong Kong (the “**Office Premises**”) at an annual rent of HK\$1,140,000 for each of the years ending 31 March 2013 and 31 March 2014 and HK\$1,500,000 for the year ended 31 March 2015. The term of the lease granted under the Office Lease Agreement is valid from 5 November 2012 to 31 March 2015. The Office Premises has been used by Tsui Wah Efford Management Limited as an office.

The annual cap for the rent payable by Tsui Wah Efford Management Limited to Success Path Limited for the Office Premises for the years ending 31 March 2013, 31 March 2014 and 31 March 2015 were HK\$1,140,000, HK\$1,140,000 and HK\$1,500,000, respectively.

During the year ended 31 March 2015, the aggregate rent paid by Tsui Wah Efford Management Limited to Success Path Limited was HK\$1,500,000.

Hart Avenue Tsui Wah Restaurant

Pursuant to a lease entered into between Cheermax Limited and Excellent Lead Limited, an indirect wholly-owned subsidiary of the Group, on 26 September 2014 (“**Hart Avenue Tsui Wah Restaurant Lease Agreement**”), Excellent Lead Limited agreed to lease from Cheermax Limited the premises located at shops A and B on the ground floor including yard A thereof and offices A, B, C, D, E, F, G and H on the first floor including the flat roof appurtenant thereto of Hart Avenue Court, Nos. 19–23 Hart Avenue, Kowloon, Hong Kong (“**Hart Avenue Premises**”) at an annual rent of HK\$1,682,000 for the period from 15 October 2014 to 31 March 2015, HK\$3,636,000 for each of the years ending 31 March 2016 and 31 March 2017 and HK\$1,955,000 for the period from 1 April 2017 to 14 October 2017. The term of the lease granted under the Hart Avenue Lease Agreement is valid from 26 September 2014 to 14 October 2017. The Hart Avenue Premises has been used by Excellent Lead Limited as a restaurant.

As Cheermax Limited is wholly owned by Ms. Chan Choi Fung, the spouse of Mr. Lee, Cheermax Limited is an associate of a connected person of the Company under the Listing Rules.

The annual cap for the rent payable by Excellent Lead Limited to Cheermax Limited for the Hart Avenue Premises for the period from 15 October 2014 to 31 March 2015, the years ending 31 March 2016 and 31 March 2017 and the period from 1 April 2017 to 14 October 2017 were HK\$1,682,000, HK\$3,636,000, HK\$3,636,000 and HK\$1,955,000, respectively.

During the year ended 31 March 2015, the aggregate rent paid by Excellent Lead Limited to Cheermax Limited was HK\$1,449,000.

REPORT OF DIRECTORS

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

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

Confirmations from the independent non-executive Directors and auditors of the Company

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions for the year ended 31 March 2015 and confirmed that the transactions have been entered into:

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

The Auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The Auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules. A copy of the Auditors' letter has been provided by the Company to the Stock Exchange.

Confirmations from the Company

The Company has conducted a review of its continuing connected transactions and confirmed that all such transactions has 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 are provided under note 33 to the financial statements. None of these related party transactions constitutes a connected transaction as defined under the Listing Rules that is required to be disclosed, except for those described above in the paragraphs headed "(A) Non-exempt Continuing Connected Transactions subject to Reporting and Announcement Requirements", in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

REPORT OF DIRECTORS

USE OF PROCEEDS FROM THE LISTING

The Shares were listed on 26 November 2012 on the Main Board of the Stock Exchange. The total net proceeds from the Listing which involved the issue of 383,334,000 ordinary Shares of HK\$0.01 each of the Company amounted to approximately HK\$794.4 million. During the year ended 31 March 2015, the net proceeds from the Listing were utilised in accordance with the proposed applications set out in the section headed “**Future Plans and Use of Proceeds**” in the prospectus of the Company dated 14 November 2012. The balance of fund 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 ended 31 March 2015, charitable donations of HK\$28,008 were made by the Group (31 March 2014: HK\$72,880).

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. It is responsible for making recommendation 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 that auditors; monitoring the integrity of financial statements, annual reports and accounts, interim reports and quarterly reports (if prepared for publication), and reviewing material financial reporting judgments therein; and reviewing the systems of financing control, internal control and risk management.

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

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report on pages 21 to 33 of this annual report.

AUDITORS

Ernst & Young, the auditors of the Company, will retire at the conclusion of the forthcoming annual general meeting of the Company and be eligible to offer themselves for re-appointment. A resolution will be submitted to the forthcoming AGM to be held on 14 August 2015 to seek Shareholders’ approval on the appointment of Ernst & Young as the Company’s auditors until the conclusion of the next annual general meeting and to authorise the Board to fix their remuneration.

By order of the Board
Lee Yuen Hong
Chairman

Hong Kong, 25 June 2015

INDEPENDENT AUDITORS' REPORT



To the shareholders of Tsui Wah Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Tsui Wah Holdings Limited (the "Company") and its subsidiaries set out on pages 63 to 123, which comprise the consolidated statement of financial position as at 31 March 2015, 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 a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

INDEPENDENT AUDITORS' REPORT (continued)

To the shareholders of Tsui Wah Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

22/F, CITIC Tower

1 Tim Mei Avenue

Central, Hong Kong

25 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
REVENUE	5	1,801,000	1,473,691
Other income and gains		20,764	12,778
Cost of inventories sold		(548,084)	(452,982)
Staff costs		(483,269)	(395,241)
Depreciation and amortisation		(97,289)	(66,548)
Property rentals and related expenses		(278,473)	(209,777)
Fuel and utility expenses		(85,453)	(66,423)
Advertising and marketing expenses		(8,929)	(6,341)
Other operating expenses		(161,277)	(123,313)
Finance costs	6	(1,704)	(206)
Equity-settled share option expense	27	(4,182)	(12,961)
Share of profits of joint ventures	16	36,972	37,127
PROFIT BEFORE TAX	7	190,076	189,804
Income tax expense	10	(32,485)	(33,761)
PROFIT FOR THE YEAR		157,591	156,043
Attributable to:			
Owners of the Company		157,407	156,031
Non-controlling interests		184	12
		157,591	156,043
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic		HK11.19 cents	HK11.23 cents
Diluted		HK11.06 cents	HK10.85 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
PROFIT FOR THE YEAR	157,591	156,043
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	1,398	(8,041)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	158,989	148,002
Attributable to:		
Owners of the Company	158,805	147,990
Non-controlling interests	184	12
	158,989	148,002

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	643,244	515,024
Prepaid land lease payments	14	79,089	16,118
Intangible asset	15	2,752	–
Investments in joint ventures	16	55,199	41,898
Prepayments for purchase of property, plant and equipment		4,433	106,802
Non-current rental deposits	19	49,686	43,828
Deferred tax assets	25	17,626	11,995
Total non-current assets		852,029	735,665
CURRENT ASSETS			
Inventories	17	23,416	19,967
Trade receivables	18	6,065	7,125
Prepayments, deposits and other receivables	19	60,238	49,707
Pledged time deposits	20	1,803	2,243
Cash and cash equivalents	20	620,637	634,551
Total current assets		712,159	713,593
CURRENT LIABILITIES			
Trade payables	21	87,999	69,811
Other payables and accruals	22	151,607	128,070
Interest-bearing bank borrowings	23	81,784	86,809
Finance lease payables	24	291	411
Tax payable		9,027	14,192
Total current liabilities		330,708	299,293
NET CURRENT ASSETS		381,451	414,300
TOTAL ASSETS LESS CURRENT LIABILITIES		1,233,480	1,149,965
NON-CURRENT LIABILITIES			
Finance lease payables	24	291	552
Deferred tax liabilities	25	983	399
Total non-current liabilities		1,274	951
Net assets		1,232,206	1,149,014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	26	14,125	14,044
Reserves	28	1,217,797	1,134,873
		1,231,922	1,148,917
Non-controlling interests		284	97
Total equity		1,232,206	1,149,014

Lee Yuen Hong
Director

Ho Ting Chi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

Notes	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Statutory reserve HK\$'000 (Note 28(i))	Merger reserve HK\$'000 (Note 28(i))	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000			
At 1 April 2013	13,833	782,518	5,422	5,758	(8,434)	2,024	236,011	1,037,132	85	1,037,217
Profit for the year	-	-	-	-	-	-	156,031	156,031	12	156,043
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(8,041)	-	(8,041)	-	(8,041)
Total comprehensive income/(loss) for the year	-	-	-	-	-	(8,041)	156,031	147,990	12	148,002
2013 final dividend	-	-	-	-	-	-	(69,167)	(69,167)	-	(69,167)
2014 interim dividend	11	-	-	-	-	-	(27,898)	(27,898)	-	(27,898)
Issuance of new shares	26	211	53,198	(5,510)	-	-	-	47,899	-	47,899
Equity-settled share option arrangements	27	-	-	12,961	-	-	-	12,961	-	12,961
Transfer to statutory reserve	-	-	-	2,531	-	-	(2,531)	-	-	-
At 31 March 2014	14,044	835,716*	12,873*	8,289*	(8,434)*	(6,017)*	292,446*	1,148,917	97	1,149,014

Notes	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Statutory reserve HK\$'000 (Note 28(i))	Merger reserve HK\$'000 (Note 28(i))	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000			
At 1 April 2014	14,044	835,716	12,873	8,289	(8,434)	(6,017)	292,446	1,148,917	97	1,149,014
Profit for the year	-	-	-	-	-	-	157,407	157,407	184	157,591
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	-	-	-	-	-	1,398	-	1,398	-	1,398
Total comprehensive income for the year	-	-	-	-	-	1,398	157,407	158,805	184	158,989
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	3	3
2014 final dividend	11	-	-	-	-	-	(70,240)	(70,240)	-	(70,240)
2015 interim dividend	11	-	-	-	-	-	(28,137)	(28,137)	-	(28,137)
Issuance of new shares	26	81	20,587	(2,273)	-	-	-	18,395	-	18,395
Equity-settled share option arrangements	27	-	-	4,182	-	-	-	4,182	-	4,182
Transfer to statutory reserve	-	-	-	2,078	-	-	(2,078)	-	-	-
At 31 March 2015	14,125	856,303*	14,782*	10,367*	(8,434)*	(4,619)*	349,398*	1,231,922	284	1,232,206

* These reserve accounts comprise the consolidated reserves of HK\$1,217,797,000 (2014: HK\$1,134,873,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		190,076	189,804
Adjustments for:			
Bank interest income	7	(8,697)	(7,618)
Share of profits of joint ventures		(36,972)	(37,127)
Depreciation	7	94,986	66,433
Amortisation of land lease payments	7	1,997	115
Amortisation of intangible asset	7	306	–
Write-off of trade receivables	7	230	–
Write-off of prepayments, deposits and other receivables	7	732	–
Write-off of items of property, plant and equipment	7	2,197	26
Finance costs	6	1,704	206
Equity-settled share option expense	27	4,182	12,961
		250,741	224,800
Increase in inventories		(3,449)	(6,924)
Decrease/(increase) in trade receivables		830	(1,902)
Increase in prepayments, deposits and other receivables		(17,508)	(21,968)
Increase in trade payables		18,188	14,589
Increase in other payables and accruals		23,537	40,332
Cash generated from operations		272,339	248,927
Interest received		8,697	7,618
Interest paid		(1,704)	(206)
Hong Kong profits tax paid		(33,021)	(23,874)
PRC tax paid		(9,676)	(9,792)
Net cash flows from operating activities		236,635	222,673
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(124,763)	(432,774)
Increase in prepaid land lease payments		(66,703)	(16,619)
Decrease/(increase) in prepayments for purchase of items of property, plant and equipment		1,147	(106,802)
Repayment of loans from joint ventures		–	152
Dividend received from joint ventures		23,799	20,125
Increase in pledged time deposit		(1)	(777)
Decrease/(increase) in pledged time deposit with original maturity of more than three months when acquired		441	(3)
Increase in non-pledged time deposit with original maturity of more than three months when acquired		(20,573)	–
Net cash flows used in investing activities		(186,653)	(536,698)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions by a non-controlling shareholder		3	–
New bank loans		–	86,809
Repayment of bank loans		(5,025)	–
Capital element of finance lease rental payments		(381)	(361)
Dividends paid		(98,377)	(97,065)
Proceeds from issue of shares	26	18,395	47,899
Net cash flows (used in)/from financing activities		(85,385)	37,282
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		634,551	916,908
Effect of foreign exchange rate changes, net		916	(5,614)
CASH AND CASH EQUIVALENTS AT END OF YEAR			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	358,134	435,239
Non-pledged time deposits	20	262,503	199,312
Cash and cash equivalents as stated in the consolidated statement of financial position		620,637	634,551
Non-pledged time deposit with original maturity of more than three months when acquired		(20,573)	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		600,064	634,551

NOTES TO FINANCIAL STATEMENTS

31 March 2015

1. CORPORATE AND GROUP INFORMATION

The Company 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, Tsui Wah Holdings Limited and its subsidiaries (together, the "Group") are principally engaged in the provision of food catering services through a chain of Hong Kong-style restaurants in Hong Kong and the People's Republic of China (the "PRC" or "Mainland China").

Information about Subsidiaries

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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	Nominal value of issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Sky Oasis (HK) Limited 天澤(香港)有限公司	Hong Kong	HK\$8	–	100	Restaurant operation
Royal Gold International Limited 皇金國際有限公司	Hong Kong	HK\$8	–	100	Restaurant operation
Tsui Wah Efford Management Limited 翠華怡富管理有限公司	Hong Kong	HK\$10	–	100	Management service
Dragonsea Limited 游龍有限公司	Hong Kong	HK\$10	–	100	Food factory
Tsui Wah Catering Limited 翠華飲食有限公司	Hong Kong	HK\$10	–	100	Restaurant operation
Shanghai Cai Hua Restaurants Management Company Limited **@ 上海采華餐飲管理有限公司	the PRC	RMB70,000,000	–	100	Restaurant operation
Shanghai Cui Sheng Restaurants Company Limited **@ 上海翠盛餐飲有限公司	the PRC	RMB23,000,000	–	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
Ever Million Rich Limited 永萬富有限公司	Hong Kong	HK\$10	–	100	Restaurant operation

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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	Nominal value of issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
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*** ^② 武漢采華餐飲管理有限公司	the 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*** ^② 上海采盛餐飲管理有限公司	the PRC	RMB2,000,000	–	100	Restaurant operation
Shanghai Pudong Cui Sheng Restaurants Company Limited*** ^② 上海浦東翠盛餐飲有限公司	the PRC	RMB2,000,000	–	100	Restaurant operation
Hangzhou Cui Sheng Restaurants Management Company Limited*** ^② 杭州翠盛餐飲管理有限公司	the PRC	RMB2,000,000	–	100	Restaurant operation

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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	Nominal value of issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangzhou Cai Hua Restaurants Company Limited** 廣州采華餐飲有限公司	the PRC	RMB50,000,000	–	100	Restaurant operation
Shanghai He Fa Restaurants Company Limited** 上海合發餐飲有限公司	the 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	the PRC	RMB1,000,000	–	100	Food factory
Marvellous Mark Limited 潤贊有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Good Core Limited 心園有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Green Skytop Limited 天翠有限公司	Hong Kong	HK\$10,000	–	75	Catering service
Time Great Limited 騰嶺有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Excellent Lead Limited 優領有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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 (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2015. 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 that such control ceases.

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

2.1 BASIS OF PREPARATION *(Continued)*

Change in Accounting Estimates of the Useful Lives of Property, Plant and Equipment

Starting from 1 April 2014, certain subsidiaries of the Group extended the estimated useful lives of certain items of property, plant and equipment, so as to reflect the physical conditions of these assets and the recent experience of the Group. The directors of the Company are of the opinion that the change in accounting estimates enables these subsidiaries to provide more reliable and relevant information to the Group. The change has been applied prospectively from 1 April 2014. Accordingly, the adoption of the change in the estimated useful lives of the property, plant and equipment has no effect on prior years. The effects of the above change are summarised below:

Consolidated statement of profit or loss for the year ended 31 March 2015

	HK\$'000
Decrease in depreciation	4,401
Increase in income tax expense	233
Increase in profit for the period and profit attributable to owners of the Company	4,168

Consolidated statement of financial position as at 31 March 2015

	HK\$'000
Increase in property, plant and equipment	4,401
Increase in deferred tax liabilities	233
Increase in retained profits	4,168

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011–2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

NOTES TO FINANCIAL STATEMENTS

31 March 2015

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

- (a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.
- (b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.
- (c) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.
- (d) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.
- (e) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

- (f) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.
- (g) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.
- (h) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

In addition, the Company has early adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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.

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

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

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

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

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

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

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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.

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related Parties *(Continued)*

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

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than 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.

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	Over the shorter of the lease terms and 12.5% to 30%
Furniture and fixtures	20% to 30%
Catering and other equipment	10% to 30%
Motor vehicles	25% to 30%

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, Plant and Equipment and Depreciation *(Continued)*

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of Non-Financial Assets *(Continued)*

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 is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the year in which it arises.

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.

Investments and other Financial Assets

Initial recognition and measurement

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other Financial Assets *(Continued)*

Initial recognition and measurement *(Continued)*

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

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

Subsequent measurement

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

Loans and receivables

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

Derecognition of Financial Assets

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

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

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of Financial Assets

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

Financial assets carried at amortised cost

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

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

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

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

Initial recognition and measurement

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Liabilities *(Continued)*

Subsequent measurement

Loans and borrowings

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

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

Derecognition of Financial Liabilities

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

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only 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 which are not restricted as to use.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Tax *(Continued)*

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

Government Grants

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

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

Revenue Recognition

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 27 to the financial statements.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other Employee Benefits

Retirement benefit schemes

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

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

Borrowing Costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

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

Foreign Currencies

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign Currencies *(Continued)*

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

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

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

3.2 SIGNIFICANT ACCOUNTING ESTIMATES

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

Estimation Uncertainty

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

3.2 SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation Uncertainty *(Continued)*

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 2015 was HK\$45,035,000 (2014: HK\$31,800,000). Further details are contained in note 25 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

Geographical Information

The following tables present revenue from external customers for the year and certain non-current asset information as at 31 March 2015, by geographic area.

(a) Revenue from external customers

	2015 HK\$'000	2014 HK\$'000
Hong Kong	1,266,388	1,105,011
Mainland China	522,188	355,412
Others*	12,424	13,268
	1,801,000	1,473,691

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

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

* Represents revenue derived from the sale of food to a joint venture of the Group.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical Information *(Continued)*

(b) Non-current assets

	2015 HK\$'000	2014 HK\$'000
Hong Kong	366,614	338,610
Mainland China	372,487	305,236
Others	45,616	35,996
	784,717	679,842

The non-current asset information above is based on the location of the assets and excludes financial instruments and deferred tax assets.

5. REVENUE

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

	2015 HK\$'000	2014 HK\$'000
Revenue		
Restaurant operations	1,779,102	1,448,292
Sale of food	21,898	25,399
	1,801,000	1,473,691

6. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on bank loans	1,663	145
Interest on finance leases	41	61
	1,704	206

NOTES TO FINANCIAL STATEMENTS

31 March 2015

7. PROFIT BEFORE TAX

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

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
Cost of inventories sold		548,084	452,982
Depreciation	13	94,986	66,433
Amortisation of land lease payments	14	1,997	115
Amortisation of intangible asset	15	306	–
Lease payments under operating leases in respect of land and buildings:			
Minimum lease payments		214,781	162,500
Contingent rents		34,224	28,049
		249,005	190,549
Employee benefit expenses (excluding directors' and chief executive's remuneration (<i>note 8</i>)):			
Wages and salaries		456,921	371,645
Equity-settled share option expense		506	4,877
Retirement benefit scheme contributions		34,575	13,643
		492,002	390,165
Auditors' remuneration		2,954	3,503
Write-off of items of property, plant and equipment	13	2,197	26
Write-off of prepayments, deposits and other receivables		732	–
Write-off of trade receivables		230	–
Foreign exchange differences, net		(1,245)	975
Bank interest income		(8,697)	(7,618)
Rental income		(2,895)	–
Government grant (<i>note</i>)		(5,071)	–

Note:

A government grant has been received by the Group for financial support to the newly set-up enterprises in Shanghai. There are no unfulfilled conditions or contingencies relating to the grants.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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") and section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance, is as follows:

	2015 HK\$'000	2014 HK\$'000
Fees	645	540
Other emoluments:		
Salaries, allowances and benefits in kind	7,746	8,603
Discretionary bonuses	–	720
Equity-settled share option expense	3,676	8,084
Retirement benefit scheme contributions	100	90
	12,167	18,037

During the prior years, a director and the chief executive were granted share options, in respect of their services to the Group, under the Pre-IPO share option scheme of the Company, further details of which are set out in note 27 to the financial statements. The fair value of these options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(A) Independent Non-Executive Directors

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

	2015 HK\$'000	2014 HK\$'000
Mr. Yim Kwok Man	180	180
Mr. Wong Chi Kin	180	180
Mr. Goh Choo Hwee	180	180
	540	540

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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

(B) Executive Directors, a Non-Executive Director and the Chief Executive

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Equity-settled share option expense HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2015						
Executive directors:						
Mr. Lee Yuen Hong	-	1,440	-	1,855	18	3,313
Mr. Ho Ting Chi	-	1,440	-	-	18	1,458
Mr. Cheung Yu To	-	1,440	-	-	18	1,458
Mr. Cheung Wai Keung*	-	546	-	-	5	551
Mr. Cheung Yue Pui	-	1,440	-	-	18	1,458
	-	6,306	-	1,855	77	8,238
Non-executive director:						
Mr. Cheung Wai Keung*	105	-	-	-	5	110
Chief executive:						
Mr. Lock Kwok On	-	1,440	-	1,821	18	3,279
	105	7,746	-	3,676	100	11,627

* Re-designated from an executive director to a non-executive director with effect from 16 August 2014.

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Equity-settled share option expense HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2014						
Executive directors:						
Mr. Lee Yuen Hong	-	1,440	120	4,049	15	5,624
Mr. Ho Ting Chi	-	1,440	120	-	15	1,575
Mr. Cheung Yu To	-	1,440	120	-	15	1,575
Mr. Cheung Wai Keung	-	1,440	120	-	15	1,575
Mr. Cheung Yue Pui	-	1,440	120	-	15	1,575
	-	7,200	600	4,049	75	11,924
Chief executive:						
Mr. Lock Kwok On	-	1,403	120	4,035	15	5,573
	-	8,603	720	8,084	90	17,497

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors and the chief executive (2014: two directors and the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining one (2014: two) highest paid employee for the year who were neither a director nor chief executive of the Company, are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, allowances and benefits in kind	1,613	2,942
Equity-settled share option expense	12	2,053
Retirement benefit scheme contributions	18	30
	1,643	5,025

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

	2015	2014
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$3,000,001 to HK\$3,500,000	–	1
	1	2

During the prior years, share options were granted to the non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 27 to the financial statements. The fair value of these options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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% (2014: 16.5%) during the year. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the locations in which the Group operates.

Pursuant to the Corporate Income Tax Law (the "New PRC Tax Law") of the PRC effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operating in Mainland China during the year was 25% (2014: 25%) on their taxable profits.

	2015 HK\$'000	2014 HK\$'000
Current — Hong Kong		
Charge for the year	26,483	28,014
Underprovision in prior years	25	—
Current — Elsewhere		
Charge for the year	11,304	8,359
(Overprovision)/underprovision in prior years	(280)	1,804
Deferred tax (<i>note 25</i>)	(5,047)	(4,416)
Total tax charge for the year	32,485	33,761

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 2015					
	Hong Kong		The PRC		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before tax	157,581		32,495		190,076	
Tax at the statutory tax rates	26,001	16.5	8,124	25.0	34,125	18.0
Adjustment in respect of current tax of previous periods	25	0.0	(280)	(0.9)	(255)	(0.1)
Income not subject to tax	(1,014)	(0.6)	(426)	(1.3)	(1,440)	(0.8)
Expenses not deductible for tax	2,698	1.7	1,015	3.1	3,713	2.0
Tax losses not recognised	2,348	1.5	1,736	5.4	4,084	2.1
Tax losses utilised from previous periods	(667)	(0.4)	(975)	(3.0)	(1,642)	(0.9)
Profits attributable to joint ventures	(6,100)	(3.9)	—	—	(6,100)	(3.2)
Tax charge at the Group's effective rates	23,291	14.8	9,194	28.3	32,485	17.1

NOTES TO FINANCIAL STATEMENTS

31 March 2015

10. INCOME TAX EXPENSE (Continued)

	Hong Kong		Year ended 31 March 2014 The PRC		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before tax	178,656		11,148		189,804	
Tax at the statutory tax rates	29,478	16.5	2,787	25.0	32,265	17.0
Adjustment in respect of current tax of previous periods	–	–	1,804	16.2	1,804	0.9
Income not subject to tax	(1,206)	(0.7)	–	–	(1,206)	(0.6)
Expenses not deductible for tax	2,439	1.3	589	5.3	3,028	1.6
Tax losses not recognised	1,541	0.9	2,455	22.0	3,996	2.1
Profits attributable to joint ventures	(6,126)	(3.4)	–	–	(6,126)	(3.2)
Tax charge at the Group's effective rates	26,126	14.6	7,635	68.5	33,761	17.8

The share of tax attributable to joint ventures amounting to HK\$5,218,000 (2014: HK\$5,221,000) for the year ended 31 March 2015, is included in "Share of profits of joint ventures" in the consolidated statement of profit or loss.

11. DIVIDENDS

	2015 HK\$'000	2014 HK\$'000
Interim — HK2.0 cents (2014: HK2.0 cents) per ordinary share	28,137	27,898
Final dividend proposed after the end of the reporting period — HK6.0 cents (2014: HK5.0 cents) per ordinary share	84,752	70,222
	112,889	98,120

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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

The calculation of the basic earnings per share amount for the year ended 31 March 2015 is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$157,407,000 (2014: HK\$156,031,000) and the weighted average number of ordinary shares in issue during the year of 1,406,419,636 (2014: 1,388,815,299).

The calculation of diluted earnings per share amount for the year ended 31 March 2015 is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$157,407,000 (2014: HK\$156,031,000). The weighted average number of ordinary shares used in the calculation is total of the 1,406,419,636 (2014: 1,388,815,299) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 17,032,628 (2014: 49,071,109) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares of share options into ordinary shares.

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 2015							
At 1 April 2014:							
Cost	259,430	213,035	40,282	131,067	5,291	61,489	710,594
Accumulated depreciation	(1,085)	(113,187)	(17,739)	(60,458)	(3,101)	-	(195,570)
Net carrying amount	258,345	99,848	22,543	70,609	2,190	61,489	515,024
At 1 April 2014, net of accumulated depreciation	258,345	99,848	22,543	70,609	2,190	61,489	515,024
Additions	14,308	104,189	22,319	42,243	768	41,242	225,069
Write-off	-	(1,916)	(2)	(169)	(110)	-	(2,197)
Depreciation provided during the year	(8,335)	(46,867)	(8,798)	(29,802)	(1,184)	-	(94,986)
Exchange realignment	49	70	1,640	(1,502)	2	75	334
At 31 March 2015, net of accumulated depreciation	264,367	155,324	37,702	81,379	1,666	102,806	643,244
At 31 March 2015:							
Cost	273,787	307,904	59,641	171,340	5,768	102,806	921,246
Accumulated depreciation	(9,420)	(152,580)	(21,939)	(89,961)	(4,102)	-	(278,002)
Net carrying amount	264,367	155,324	37,702	81,379	1,666	102,806	643,244

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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 2014							
At 1 April 2013:							
Cost	1,427	147,632	29,204	89,591	4,234	5,370	277,458
Accumulated depreciation	(316)	(78,325)	(12,104)	(36,745)	(2,027)	–	(129,517)
Net carrying amount	1,111	69,307	17,100	52,846	2,207	5,370	147,941
At 1 April 2013, net of accumulated depreciation	1,111	69,307	17,100	52,846	2,207	5,370	147,941
Additions	258,367	60,814	11,240	42,058	1,069	62,422	435,970
Write-off	–	–	(1)	(25)	–	–	(26)
Depreciation provided during the year	(772)	(34,971)	(5,698)	(23,915)	(1,077)	–	(66,433)
Exchange realignment	(361)	(672)	(98)	(355)	(9)	(933)	(2,428)
Transfers	–	5,370	–	–	–	(5,370)	–
At 31 March 2014, net of accumulated depreciation	258,345	99,848	22,543	70,609	2,190	61,489	515,024
At 31 March 2014:							
Cost	259,430	213,035	40,282	131,067	5,291	61,489	710,594
Accumulated depreciation	(1,085)	(113,187)	(17,739)	(60,458)	(3,101)	–	(195,570)
Net carrying amount	258,345	99,848	22,543	70,609	2,190	61,489	515,024

The net carrying amount of the Group's property, plant and equipment held under finance leases included in the total amount of motor vehicles as at 31 March 2015 was HK\$255,000 (2014: HK\$637,000).

At 31 March 2015, certain of the Group's land and buildings with a net carrying amount of approximately HK\$227,746,000 (2014: HK\$235,294,000) were pledged to secure a mortgage loan granted to the Group (note 23).

NOTES TO FINANCIAL STATEMENTS

31 March 2015

14. PREPAID LAND LEASE PAYMENTS

	Group	
	2015 HK\$'000	2014 HK\$'000
Carrying amount at beginning of year	16,505	–
Addition	66,703	16,619
Recognised during the year	(1,997)	(115)
Exchange realignment	20	1
Carrying amount at end of year	81,231	16,505
Current portion included in prepayments, deposits and other receivables	(2,142)	(387)
Non-current portion	79,089	16,118

15. INTANGIBLE ASSET

	Software HK\$'000
31 March 2015	
Cost as at 31 March 2014 and 1 April 2014	–
Additions	3,058
Amortisation provided during the year	(306)
At 31 March 2015	2,752
At 31 March 2015:	
Cost	3,058
Accumulated amortisation	(306)
Net carrying amount	2,752

NOTES TO FINANCIAL STATEMENTS

31 March 2015

16. INVESTMENTS IN JOINT VENTURES

	Group 2015 HK\$'000	2014 HK\$'000
Share of net assets	55,199	41,898

Amounts due from the joint ventures included in the Group's other receivables as at 31 March 2015 totalling HK\$733,000 (2014: HK\$435,000) are unsecured, interest-free and have no fixed terms of repayment.

Amounts due to the joint ventures included in the Group's other payables as at 31 March 2015 totalling HK\$2,458,000 (2014: HK\$2,242,000) are unsecured, interest-free and have no fixed terms of repayment.

The Group's trade receivable balances with the joint ventures are disclosed in note 18 to the financial statements.

Particulars of the Group's joint ventures are as follows:

Name	Particulars of issued shares held	Place of incorporation and business	Percentage of ownership interest	Principal activities
Famous Star Investment Limited ("Famous Star")* 星譽投資有限公司	Ordinary shares of HK\$1 each	Hong Kong	80	Restaurant operation
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 investments in the joint ventures are indirectly held by the Company.

* As at 31 March 2015 and 2014, the Group has over 50% voting power in Famous Star's board of directors. Notwithstanding that the Group holds more than 50% of the voting power in the board of directors of Famous Star, in the opinion of the directors, the Group is only in a position to have joint control over Famous Star having considered that the Group has contractually agreed the sharing of control over certain key financial and operating activities of Famous Star with the other shareholder.

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

16. 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:

	2015 HK\$'000	2014 HK\$'000
Cash and cash equivalents	73,976	64,533
Other current assets	7,516	8,830
Total current assets	81,492	73,363
Non-current assets	960	2,656
Current liabilities	(17,287)	(24,595)
Net assets	65,165	51,424
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	45,616	35,997
Carrying amount of the investment	45,616	35,997
Revenue	117,185	120,030
Depreciation	(2,185)	(4,527)
Tax	(6,489)	(6,737)
Profit for the year	47,569	49,316
Dividend received	17,046	17,726

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

	2015 HK\$'000	2014 HK\$'000
Share of the joint venture's profit for the year	3,673	2,606
Carrying amount of the Group's investment in the joint venture	9,583	5,901

NOTES TO FINANCIAL STATEMENTS

31 March 2015

17. INVENTORIES

	2015 HK\$'000	2014 HK\$'000
Food and beverage, and other operating items for restaurant operations	23,416	19,967

18. TRADE RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Trade receivables	6,065	7,125

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.

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

	2015 %	2014 %
Largest customer	34	30
Five largest customers	62	76

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

	2015 HK\$'000	2014 HK\$'000
Within one month	3,331	4,486
One to two months	2,734	2,639
	6,065	7,125

NOTES TO FINANCIAL STATEMENTS

31 March 2015

18. TRADE RECEIVABLES *(Continued)*

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

	2015 HK\$'000	2014 HK\$'000
Neither past due nor impaired	3,904	5,069
Less than one month past due	2,161	2,056
	6,065	7,125

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

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

Included in the Group's trade receivables are amounts due from the Group's joint ventures of HK\$2,786,000 (2014: HK\$2,727,000) as at 31 March 2015, which are repayable on similar credit terms to those offered to the major customers of the Group.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Prepayments	13,878	13,451
Deposits	82,000	65,673
Other receivables	14,046	14,411
	109,924	93,535
Current portion included in prepayments, deposits and other receivables	(60,238)	(49,707)
	49,686	43,828

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

20. CASH AND CASH EQUIVALENTS

	2015 HK\$'000	2014 HK\$'000
Cash and bank balances	358,134	435,443
Time deposits	264,306	201,351
	622,440	636,794
Less: Pledged time deposit	(1,803)	(1,802)
Pledged time deposit with original maturity of more than three months when acquired	–	(441)
Cash and cash equivalents	620,637	634,551
Cash and cash equivalents denominated in:		
HK\$	237,564	282,166
Renminbi ("RMB")	383,073	352,385
	620,637	634,551

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

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

21. TRADE PAYABLES

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

	2015 HK\$'000	2014 HK\$'000
Within one month	46,260	39,658
One to two months	41,739	30,153
	87,999	69,811

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

22. OTHER PAYABLES AND ACCRUALS

	2015 HK\$'000	2014 HK\$'000
Other payables	81,134	66,494
Accruals	70,473	61,576
	151,607	128,070

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

23. INTEREST-BEARING BANK BORROWINGS

	2015			2014		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
	1 Month			1 Month		
Bank loans — secured	HIBOR+1.75%	On demand	81,784	HIBOR+1.75%	On demand	86,809

	2015 HK\$'000	2014 HK\$'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	81,784	86,809

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 period of approximately HK\$227,746,000 (2014: HK\$235,294,000). In addition, the Company has guaranteed the Group's bank loans up to HK\$86,809,000 (2014: HK\$86,809,000) as at the end of the reporting period.

The Group's bank loans in the amount of HK\$81,784,000 (2014: HK\$86,809,000) as at 31 March 2015 containing an on-demand clause has been classified as a current liability. For the purpose of the above analysis, the loan is included within current interest-bearing bank borrowings and analysed into bank loans repayable on demand.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

23. INTEREST-BEARING BANK BORROWINGS (Continued)

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

	2015 HK\$'000	2014 HK\$'000
Bank loans:		
Within one year	5,119	5,024
In the second year	5,224	5,119
In the third to fifth years, inclusive	16,305	15,990
Beyond five years	55,136	60,676
	81,784	86,809

24. FINANCE LEASE PAYABLES

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

At 31 March 2015, 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	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Amounts payable:				
Within one year	299	422	291	411
In the second year	262	299	245	276
In the third to fifth years, inclusive	52	314	46	276
Total minimum finance lease payments	613	1,035	582	963
Future finance charges	(31)	(72)		
Total net finance lease payables	582	963		
Portion classified as current liabilities	(291)	(411)		
Non-current portion	291	552		

All the Group's finance lease payables as at the end of the reporting period are denominated in Hong Kong dollars.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

25. 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	Total HK\$'000
At 1 April 2013	2,361	5,217	7,578
Deferred tax credited to the consolidated statement of profit or loss during the year (<i>note 10</i>)	2,528	1,889	4,417
At 31 March 2014 and 1 April 2014	4,889	7,106	11,995
Deferred tax credited to the consolidated statement of profit or loss during the year (<i>note 10</i>)	1,887	3,744	5,631
At 31 March 2015	6,776	10,850	17,626

Deferred Tax Liabilities

	Others HK\$'000	Depreciation allowance in excess of related depreciation HK\$'000	Total HK\$'000
At 1 April 2013	–	398	398
Deferred tax charged to the consolidated statement of profit or loss during the year (<i>note 10</i>)	–	1	1
At 31 March 2014 and 1 April 2014	–	399	399
Deferred tax charged to the consolidated statement of profit or loss during the year (<i>note 10</i>)	57	527	584
At 31 March 2015	57	926	983

NOTES TO FINANCIAL STATEMENTS

31 March 2015

25. DEFERRED TAX *(Continued)*

Deferred Tax Liabilities *(Continued)*

Certain subsidiaries of the Group have tax losses arising in Hong Kong in total of HK\$32,170,000 (2014: HK\$21,979,000) as at 31 March 2015, 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\$12,865,000 (2014: HK\$9,821,000) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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

At 31 March 2015, 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 amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK\$71,957,000 (2014: HK\$63,053,000) at 31 March 2015.

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

26. ISSUED CAPITAL

	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:		
At 31 March 2014 and 31 March 2015	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2013	1,383,334,000	13,833
Share options exercised	21,101,068	211
At 31 March 2014 and 1 April 2014	1,404,435,068	14,044
Share options exercised	8,103,468	81
At 31 March 2015	1,412,538,536	14,125

NOTES TO FINANCIAL STATEMENTS

31 March 2015

26. ISSUED CAPITAL *(Continued)*

During the year, the subscription rights attaching to 8,103,468 (2014: 21,101,068) share options were exercised at the subscription price of HK\$2.27 (2014: HK\$2.27) per share (note 27), resulting in the issue of 8,103,468 (2014: 21,101,068) shares of HK\$0.01 each for a total consideration, before expenses, of HK\$18,395,000 (2014: HK\$47,899,000). An amount of HK\$2,273,000 (2014: HK\$5,510,000) was transferred from the share option reserve to the share premium account upon the exercise of the share options.

27. SHARE OPTION SCHEMES

(a) Share Option Scheme

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

27. SHARE OPTION SCHEMES *(Continued)*

(a) Share Option Scheme *(Continued)*

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

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

No share options were granted during the current and prior years, and no share options were outstanding under the Share Option Scheme as at 31 March 2015 and 2014.

(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.

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

	2015		2014	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At beginning of year	2.27	64,452	2.27	99,373
Exercised during the year	2.27	(8,103)	2.27	(21,101)
Forfeited during the year	2.27	(5,099)	2.27	(13,820)
At end of year	2.27	51,250	2.27	64,452

The weighted average share price at the date of exercise for share options exercised during the year was HK\$2.69 (2014: HK\$5.16).

NOTES TO FINANCIAL STATEMENTS

31 March 2015

27. SHARE OPTION SCHEMES (Continued)

(b) Pre-IPO Share Option Scheme (Continued)

The Group recognised a share option expense of HK\$4,182,000 (2014: HK\$12,961,000) during the year ended 31 March 2015 in respect of the share options granted in the year ended 31 March 2013.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2015

Number of options '000	Exercise price* HK\$ per share	Exercise period
573	2.27	26-11-13 to 25-11-15
6,010	2.27	26-11-14 to 25-11-15
9,067	2.27	26-11-14 to 25-11-16
8,800	2.27	26-11-15 to 25-11-16
13,200	2.27	26-11-13 to 25-11-17
13,600	2.27	26-11-15 to 25-11-17
51,250		

2014

Number of options '000	Exercise price* HK\$ per share	Exercise period
1,476	2.27	26-11-13 to 25-11-15
9,376	2.27	26-11-14 to 25-11-15
13,600	2.27	26-11-14 to 25-11-16
13,200	2.27	26-11-15 to 25-11-16
13,200	2.27	26-11-13 to 25-11-17
13,600	2.27	26-11-15 to 25-11-17
64,452		

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

At the date of approval of these financial statements, the Company had 49,904,072 (2014: 63,793,674) share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 3.5% (2014: 4.5%) of the Company's shares in issue as at that date.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

28. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statements of changes in equity on page 67 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.

29. CONTINGENT LIABILITIES

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

	2015 HK\$'000	2014 HK\$'000
Bank guarantees in favour of landlords in lieu of rental deposits	1,802	2,240

30. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 23 to the financial statements. The Group's bank guarantee facilities are secured by the pledged time deposits of the Group amounting to HK\$1,803,000 (2014: HK\$2,243,000).

NOTES TO FINANCIAL STATEMENTS

31 March 2015

31. OPERATING LEASE COMMITMENTS

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

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

	2015 HK\$'000	2014 HK\$'000
Within one year	214,230	175,620
In the second to fifth years, inclusive	422,905	342,191
After five years	208,154	200,859
	845,289	718,670

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.

32. COMMITMENTS

In addition to the operating lease commitments detailed in note 31 above, the Group had the following capital commitments at the end of the reporting period.

	2015 HK\$'000	2014 HK\$'000
Contracted, but not provided for leasehold improvements	19,739	27,265

NOTES TO FINANCIAL STATEMENTS

31 March 2015

33. RELATED PARTY TRANSACTIONS

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

	Notes	2015 HK\$'000	2014 HK\$'000
Sale of food to joint ventures		21,898	22,588
Purchase of food from a joint venture		1,009	1,222
Rental fees paid and payable to:			
Fame City International Limited	(a)	800	659
Success Path Limited	(a)	4,522	3,720
Champion Stage Limited	(a)	1,900	1,572
Joy Express Limited	(a)	11,600	9,600
Cheermax Limited	(b)	1,449	–

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

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

Notes:

- (a) These related parties are controlled by the 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.
- (b) This related party is controlled by Ms. Chan Choi Fung, the spouse of Mr. Lee Yuen Hong.
- (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:

	2015 HK\$'000	2014 HK\$'000
Short term employee benefits	11,279	12,336
Equity-settled share option expense	3,695	8,137
Post-employment benefits	140	120
	15,114	20,593

NOTES TO FINANCIAL STATEMENTS

31 March 2015

34. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 March 2015 and 2014, all the financial assets and liabilities of the Group were loans and receivables and financial liabilities at amortised cost, respectively.

35. 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, financial liabilities included in other payables and accruals and amounts due from/to subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

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

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 March 2015 was assessed to be insignificant.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Fair Value Hierarchy

Assets for which fair values are disclosed:

HK\$'000	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
As at 31 March 2015				
Non-current rental deposits	–	49,686	–	49,686
As at 31 March 2014				
Non-current rental deposits	–	43,828	–	43,828

Liabilities for which fair values are disclosed:

HK\$'000	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
As at 31 March 2015				
Finance lease payables	–	582	–	582
As at 31 March 2014				
Finance lease payables	–	963	–	963

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2015

36. 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 interest rates, 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
2015		
HK\$	100	(818)
HK\$	(100)	818
2014		
HK\$	100	(868)
HK\$	(100)	868

Foreign Currency Risk

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars or Renminbi. Given that fluctuations between Renminbi and Hong Kong dollars are under the control of the PRC government, the foreign currency risk is considered not material and the Group therefore does not have a foreign currency hedging policy. However, the management monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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

Liquidity Risk *(Continued)*

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	In the second year HK\$'000	In the third to fifth years HK\$'000	Total HK\$'000
31 March 2015				
Trade payables	87,999	–	–	87,999
Financial liabilities included in other payables and accruals	151,607	–	–	151,607
Finance lease payables	299	262	52	613
Interest-bearing bank borrowings	83,395	–	–	83,395
Bank guarantee in lieu of rental deposits	1,802	–	–	1,802
	325,102	262	52	325,416
31 March 2014				
Trade payables	69,811	–	–	69,811
Financial liabilities included in other payables and accruals	128,070	–	–	128,070
Finance lease payables	422	299	314	1,035
Interest-bearing bank borrowings	88,519	–	–	88,519
Bank guarantee in lieu of rental deposits	2,240	–	–	2,240
	289,062	299	314	289,675

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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

Capital Management

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

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

The Group monitors capital using a gearing ratio, which is expressed as a percentage of interest-bearing bank and other borrowings 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:

	2015 HK\$'000	2014 HK\$'000
Interest-bearing bank borrowings	81,784	86,809
Finance lease payables	582	963
	82,366	87,772
Equity attributable to owners of the Company	1,231,922	1,148,917
Gearing ratio	6.7%	7.6%

NOTES TO FINANCIAL STATEMENTS

31 March 2015

37. 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:

	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	1,202,754	1,202,754
CURRENT ASSETS		
Prepayments, deposits and other receivables	1,548	728
Due from subsidiaries	640,744	578,420
Cash and cash equivalents	294,480	321,788
Total current assets	936,772	900,936
CURRENT LIABILITIES		
Accruals	505	2,306
Due to subsidiaries	50,434	37,142
Total current liabilities	50,939	39,448
NET CURRENT ASSETS	885,833	861,488
NET ASSETS	2,088,587	2,064,242
EQUITY		
Share capital	14,125	14,044
Reserves	2,074,462	2,050,198
Total equity	2,088,587	2,064,242

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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

Note:

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

	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
At 1 April 2013	782,518	1,200,754	5,422	(6,008)	1,982,686
Profit and total comprehensive income for the year	–	–	–	103,928	103,928
Issuance of new shares	53,198	–	(5,510)	–	47,688
Equity-settled share option arrangements	–	–	12,961	–	12,961
2013 dividend	–	–	–	(69,167)	(69,167)
2014 interim dividend	–	–	–	(27,898)	(27,898)
At 31 March 2014 and 1 April 2014	835,716	1,200,754	12,873	855	2,050,198
Profit and total comprehensive income for the year	–	–	–	100,145	100,145
Issuance of new shares	20,587	–	(2,273)	–	18,314
Equity-settled share option arrangements	–	–	4,182	–	4,182
2014 final dividend	–	–	–	(70,240)	(70,240)
2015 interim dividend	–	–	–	(28,137)	(28,137)
At 31 March 2015	856,303	1,200,754	14,782	2,623	2,074,462

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. Pursuant to the Cayman Islands company law, a company may make distributions to its members out of the contributed surplus in certain circumstances.

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.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 June 2015.

FIVE-YEAR FINANCIAL SUMMARY

The summary of the consolidated results of the Group for each of the two years ended 31 March 2011 and 2012 and of the assets and liabilities as at 31 March 2011 and 2012 have been extracted from the Company's prospectus dated 14 November 2012. The consolidated results of the Group for the three years ended 31 March 2013, 2014 and 2015 and the consolidated assets and liabilities of the Group as at 31 March 2013, 2014 and 2015 have been extracted from the Company's published audited financial statements.

RESULTS

	Year ended 31 March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
REVENUE	1,801,000	1,473,691	1,084,415	762,791	598,047
PROFIT BEFORE TAX	190,076	189,804	158,129	134,206	83,526
Income tax expense	(32,485)	(33,761)	(26,832)	(23,777)	(15,502)
PROFIT FOR THE YEAR	157,591	156,043	131,297	110,429	68,024
Profit attributable to:					
Owners of the Company	157,407	156,031	129,598	103,910	64,909
Non-controlling interests	184	12	1,699	6,519	3,115
	157,591	156,043	131,297	110,429	68,024

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
TOTAL ASSETS	1,564,188	1,449,258	1,191,580	507,997	398,914
TOTAL LIABILITIES	(331,982)	(300,244)	(154,363)	(227,209)	(203,323)
	1,232,206	1,149,014	1,037,217	280,788	195,591
EQUITY:					
Equity attributable to owners of the Company	1,231,922	1,148,917	1,037,132	258,632	180,962
Non-controlling interests	284	97	85	22,156	14,629
	1,232,206	1,149,014	1,037,217	280,788	195,591



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