



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

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ANNIVERSARY

翠 TSUI WAH 華
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ANNIVERSARY

Annual Report 年報

2017

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Lee Yuen Hong (*Chairman*)
Mr. Cheung Yu To
Mr. Lee Tsz Kin Kenji #
Mr. Cheung Yue Pui ~

NON-EXECUTIVE DIRECTORS

Mr. Cheng Chung Fan #
Mr. Cheng Yu Sang #
Mr. Wong Chi Kin (*ceased as an independent non-executive director and re-designated as a non-executive director on 1 November 2016*)
Mr. Ho Ting Chi ~

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUTHORISED REPRESENTATIVES

Mr. Lee Yuen Hong
Mr. Kwok Siu Man (*appointed on 1 September 2016*)
Mr. Pang Chung Fai Benny
(*resigned on 1 September 2016*)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Goh Choo Hwee (*Chairman*)
Mr. Lee Yuen Hong
Mr. Tang Man Tsz #
Mr. Wong Chi Kin ^

NOMINATION COMMITTEE

Mr. Lee Yuen Hong (*Chairman*)
(*appointed chairman on 1 November 2016*)
Mr. Goh Choo Hwee
Mr. Tang Man Tsz #
Mr. Wong Chi Kin (*Chairman*)^

COMPANY SECRETARY

Mr. Kwok Siu Man (*appointed on 1 September 2016*)
Mr. Pang Chung Fai Benny
(*resigned on 1 September 2016*)



Milk Tea

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

Corporate Information

LEGAL ADVISERS

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

INDEPENDENT AUDITOR

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

COMPANY'S WEBSITE ADDRESS

www.tsuiwah.com

STOCK CODE

1314

~ retired on 26 August 2016
appointed on 1 November 2016
^ resigned on 1 November 2016



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

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

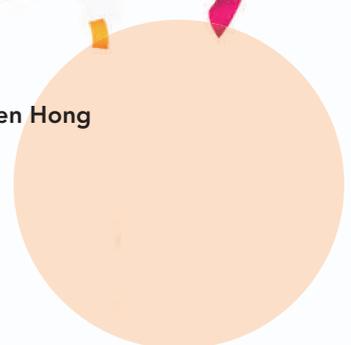


Chairman's Statement



翠華
TSUI WAH
50th
ANNIVERSARY

Mr. Lee Yuen Hong
Chairman



Chairman's Statement



Sizzling King Prawns with Fried Noodles

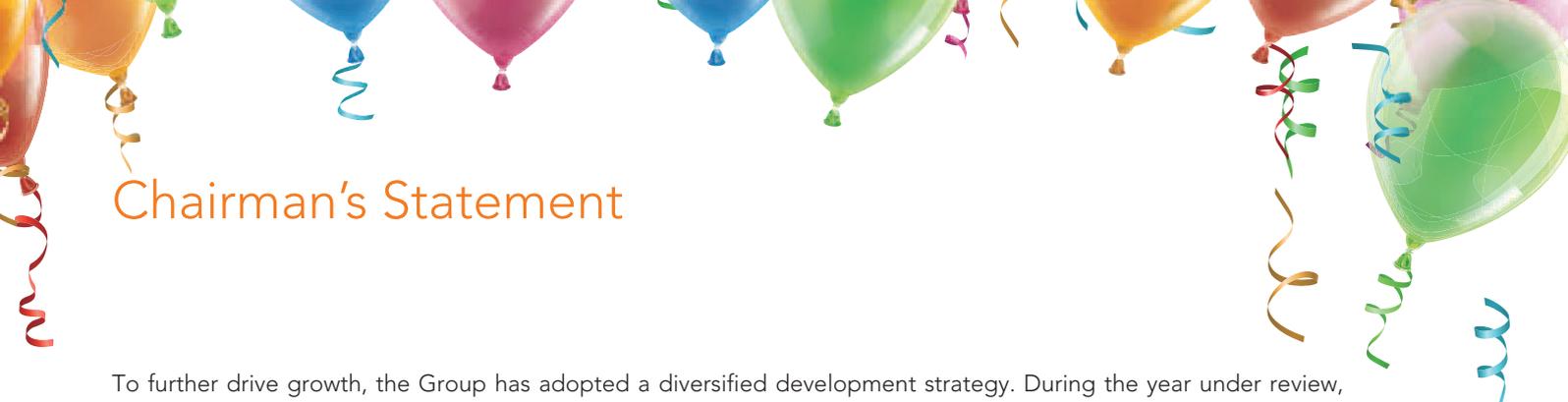
A noodle dish inspired by the classic Peking Sweet and Sour Chili Prawn. The noodles are pan-fried to a crispy and crunchy state and then mixed with succulent sweet and sour king prawns on top.

Dear Shareholders,

On behalf of the board of directors (the “**Directors**” and the “**Board**”, respectively) of Tsui Wah Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**Tsui Wah**”), I am pleased to announce the annual results of the Group for the year ended 31 March 2017.

During the year under review, the recovery of the global economy was uneven, which has in turn affected the economic development in Hong Kong, Macau and Mainland China. The growth in the overall income of the catering industry slowed down as a result. In this situation, I firmly believe that good corporate governance has increased consumer confidence and formed the cornerstone of the Group’s goodwill. Therefore, Tsui Wah has actively adjusted its development strategies by careful consideration of current conditions in order to execute a strategic reorganisation aiming at a continuous optimisation of its organisational structure and management system. As for the top management team, the Group has appointed Mr. Pang Kwing Ho Peter as our chief executive officer with effect from 1 June 2016 and appointed Mr. Lee Tsz Kin Kenji as our executive Director and reappointed Mr. Yang Dong John as our chief financial officer, both with effect from November 2016. As for the frontline management team, the Group has adopted a long-term development strategy of retaining and promoting talents with a determined team spirit to achieve a new era of win-win cooperation with our business partners and our customers. The new management team has a shared business vision and possesses strong decision-making skills, which have enabled the Group to successfully overcome its unfavourable situation with effective cost controls in only a few months. Profit attributable to shareholders has also recorded a greater increase as compared to last year.

During the year under review, after the expiration of some restaurant leases, the Group assessed the locations of its restaurants. The Group has laid a strong foundation for rapid and steady development in the future by reorganising its resources. During the year, the Group opened a total of nine new restaurants in Hong Kong, Macau, Nanjing, Shenzhen, Guangzhou and Shanghai. As at 31 March 2017, the Group operated a total of 64 restaurants in Mainland China, Hong Kong and Macau. With our extensive restaurant network, regular new offerings and newly launched advertisement campaigns, it is hoped that new vitality will be injected into Tsui Wah, a historic *Cha Chaan Teng* (茶餐廳) brand spanning half a century.



Chairman's Statement

To further drive growth, the Group has adopted a diversified development strategy. During the year under review, the Group's "Supreme Catering" (至尊到會) business entered the wedding market in Hong Kong for the first time while also providing Chinese-style catering services, grilled seafood recipes and a variety of meal-boxes for corporate customers to further open up income streams. The Group's "Tsui Wah Delivery" (快翠送) service business also continued to attain steady growth, aiming to provide comprehensive quality catering services to customers with differing needs among various regions.

During the year under review, the Group garnered a number of awards in many areas, fully reflecting Tsui Wah's determined effort in providing high quality food and a satisfactory customer experience, including the "Best-Ever Dining Awards 2016" and the "Best-Ever Dining Awards 2016 — My Favourite Cha Chaan Teng" accolades at the Best-Ever Dining Awards 2016 by Weekend Weekly (新假期周刊) and the "Smiling-enterprise Award 2015–2016" by the Mystery Shopper Service Association in Hong Kong. In Mainland China the Group was awarded "The Most Popular Takeaway Restaurant" and the "Top 100 China Feasts — the Best Chinese Restaurant".

The year 2017 is a special year for us. The Group reaches its 50th anniversary and approaches the fifth anniversary of its listing, marking a significant milestone. I fervently hope to work more closely with everybody in the Group in the future to advance Tsui Wah towards becoming a century-old enterprise. We shall also implement reform measures such as optimising manpower allocation and enhancing production capacity to keep pace with the times and become more competitive. The Group's future development is focusing on two aspects: expanding revenue and controlling costs. The main measures towards achieving these objectives are as follows:

- Speed up the opening of stores in Hong Kong, Macau and Mainland China and open featured restaurants in Hong Kong and Mainland China in order to expand revenue sources, realise economies of scale and continue to increase market share
- Strengthen the Group's diversified development policy and accelerate the development of the "Supreme Catering" and "Tsui Wah Delivery" businesses
- Develop new brands in order to open up new sources of income, meet customers' demands for high quality food and catering services and thereby proactively adapt to the changing market environment
- Enhance market promotions to further attract diversified customers and solidify the Group's brand in Hong Kong, Macau and Mainland China
- Optimise the internal operation system to keep pace with the times and technology and increase operational efficiency and productivity of the existing facilities with an aim to become a modern and automated catering enterprise
- Strategically optimise the internal organisational structure to clarify the roles of team members and increase their capabilities to execute their responsibilities
- Enhance the production capacity of central kitchens and strengthen central procurement and distribution with a view to further reducing operating costs



Chairman's Statement

As the first listed *Cha Chaan Teng* enterprise in Hong Kong, Tsui Wah has achieved a truly distinguished historical record. Adhering to the "Spirit of Lion Rock" for 50 years, Tsui Wah has patiently overcome a number of economic cycles together with the people of Hong Kong by following the principle of "speed, quality and perfection." In the future, Tsui Wah is steadfastly committed to providing quality food and satisfactory services to everyone in response to the support we have received from society. Looking ahead, based on the building blocks of its achievements over the last half-century, Tsui Wah is striving to achieve an even better performance for another 50 glorious years.

Last but not least, I would like to take this opportunity, on behalf of my fellow Directors and all the staff of Tsui Wah, to extend my sincere gratitude to our customers, shareholders, suppliers and business partners for their long term support and confidence in the Group.

Lee Yuen Hong

Chairman and Executive Director

Hong Kong, 28 June 2017

Management Discussion and Analysis



Hong Kong, Tseung Kwan O Gateway Branch

INDUSTRY OVERVIEW

During the year ended 31 March 2017, the food and catering industry continued to be intensely competitive and has been persistently affected by the weakness of the global and Chinese economy in recent years. The impact of the slowdown in China's economy since 2014–2015 began to show signs of stabilisation; however, Hong Kong's tourism sector continued to be negatively impacted due to the continuing decline in the number of visitors from Mainland China. The softened number of inbound tourists which weakened the domestic retail market and coupled with the prevailing uncertainties in global economic policy, had further dampened consumer confidence, creating a difficult operating environment for the Group. Furthermore, the Group continued to stem the pressure of the substantial rising costs in rent, labour and raw ingredients, a recurring trend over the years.

Notwithstanding that the performance of the Chinese economy last year was the weakest in three decades and the corresponding effect it had on the domestic economy, the Group still maintained stable results. The Group is proud to celebrate the 50th year of operation in Hong Kong's food and catering industry in 2017.

Management Discussion and Analysis

BUSINESS REVIEW

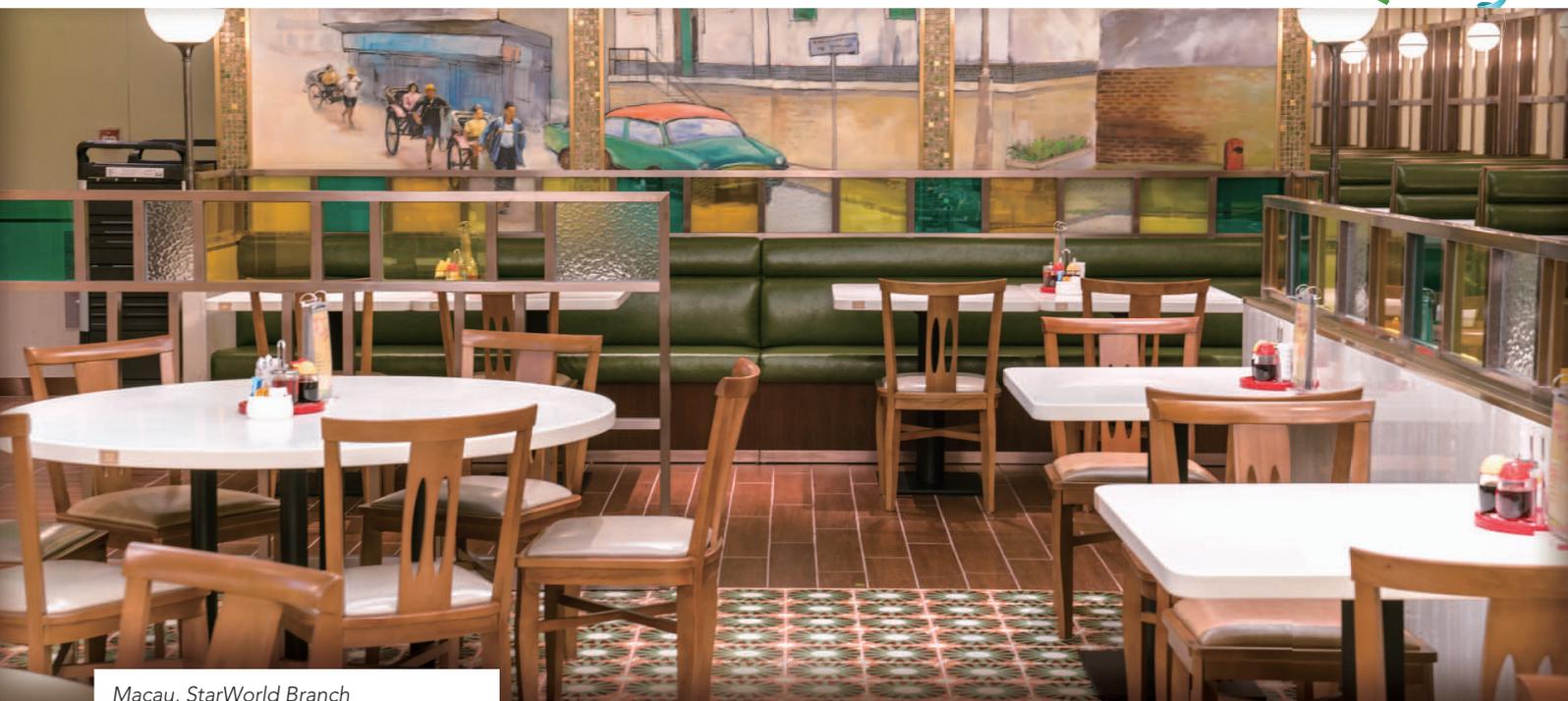
During the last financial year, the Group continued to organically implement its restaurant expansion business plan by opening a total of nine new restaurants across Hong Kong, Macau and Mainland China. The new restaurant in Hong Kong is located in Tseung Kwan O, a district which is undergoing large-scale residential and commercial development. In Macau, the Group opened one new restaurant at the StarWorld Macau Hotel located in the Macau Peninsula, the northernmost region connected to Mainland China, which is considered to be the centre of most tourist activity as well as being a densely populated area. In Mainland China, the Group opened seven new restaurants respectively in Shanghai Pudong International Airport Terminal 1, Kaiyuan Mediterranean Shopping Mall in Nanjing as well as cities in the 'Pearl River Delta' region including Guangzhou and Shenzhen. The locations of the newly opened restaurants were chosen largely because they are situated in areas with higher customer traffic and fair rental costs.

As at 31 March 2017, the Group operated 32 restaurants in Hong Kong, 29 restaurants in Mainland China, and three restaurants in Macau under the Tsui Wah brand. In total, the Group currently has 64 restaurants under its operation within these three jurisdictions. The Group will continue to adhere to a prudent and viable strategy in respect of its site selection for the opening of new restaurants in light of the challenges confronting the tourism and retail industry, food and catering sector as well as sluggish consumer confidence in the regions in which the Group operates.



Hong Kong, Yuen Long Branch

Management Discussion and Analysis



Macau, StarWorld Branch

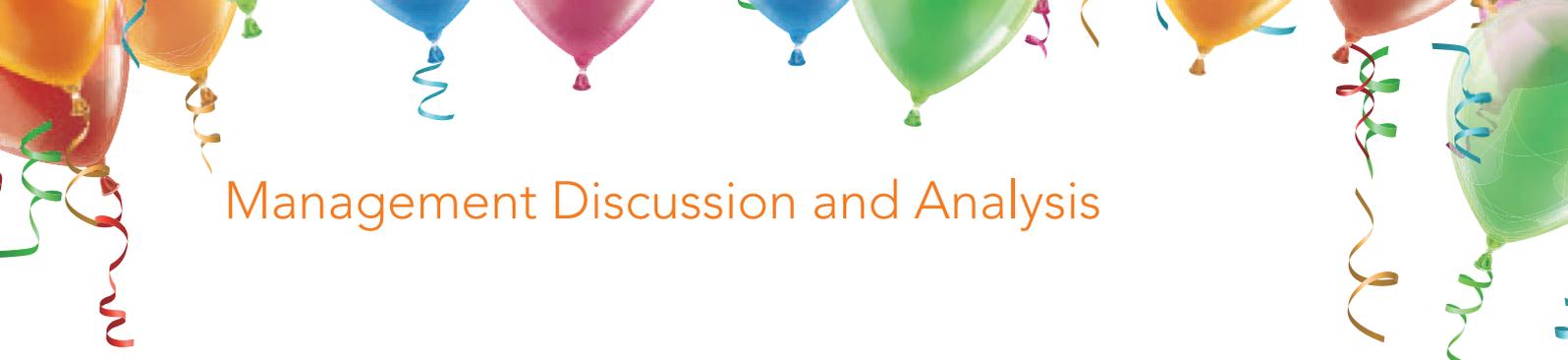
BUSINESS REVIEW *(Continued)*

The food and catering industry continued to be challenged by the precarious macroeconomic environment as well as substantially rising costs in three key areas, namely raw ingredients, rent and labour. The Group has striven to implement and maintain effective cost and expense controls and improve the overall operating efficiencies through a range of measures. The Group's management of inventories was satisfactory for the year ended 31 March 2017 due to the continued use of central kitchens located in Hong Kong and Mainland China, which maintained a consistent standard of food quality, decreased the costs associated with food processing and streamlined procurement as well as supply chain management. The efficient use of these aforementioned cost control measures not only brought about a positive development to food preparation and processing but the improvement in operational efficiency also enabled the gross profit margin of the Group to increase slightly from 71.3% to 71.5%. The Group's net profit margin (profit for the year as a percentage of revenue) recorded an increase from approximately 3.9% for the year ended 31 March 2016 to approximately 4.9% for the year ended 31 March 2017, by virtue of the better control of operating costs during the year.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 1.2% from approximately HK\$1,867.6 million for the year ended 31 March 2016 to approximately HK\$1,845.4 million for the year ended 31 March 2017. The slight decrease was mainly attributable to the slowdown in the economy of Mainland China, the deterioration in Hong Kong's retail industry in the first half of the last financial year and the corresponding diminishing number of inbound tourists visiting from Mainland China coupled with cautious consumer spending. The dip in revenue was otherwise caused by certain store closures. The restaurant at the Peak, considered to be a tourist hot spot and one of the most affluent areas of Hong Kong, was also under renovation during the year under review.



Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Cost of inventories sold

Cost of inventories sold decreased by approximately HK\$10.1 million, or approximately 1.9%, from approximately HK\$536.8 million for the year ended 31 March 2016 to approximately HK\$526.7 million for the year ended 31 March 2017. The cost of inventories sold amounted to approximately 28.7% and 28.5% of the Group's revenue for the years ended 31 March 2016 and 2017, respectively. The cost of inventories sold in proportion to the Group's revenue decreased for the year under review as compared to the preceding year owing to the Group's bulk procurement policy from its suppliers in respect of ingredients, beverages and other operating items required for the operation of its restaurants, resulting in more favourable purchase prices for such items. Furthermore, the Group's management and implementation of key measures to control the food preparation process had reduced material loss and the continued use of the Group's central kitchens in both Hong Kong and Mainland China contributed to the reduction of the cost associated with food processing.

Gross profit

For the year ended 31 March 2017, the Group's gross profit, which is equivalent to revenue subtracting the cost of inventories sold, was approximately HK\$1,318.7 million, representing a decrease of approximately 0.9% from approximately HK\$1,330.8 million for the year ended 31 March 2016. The decrease was mainly due to a decrease in sales resulting from the closure of certain restaurants in Hong Kong and Mainland China, including Wuhan and Hangzhou.

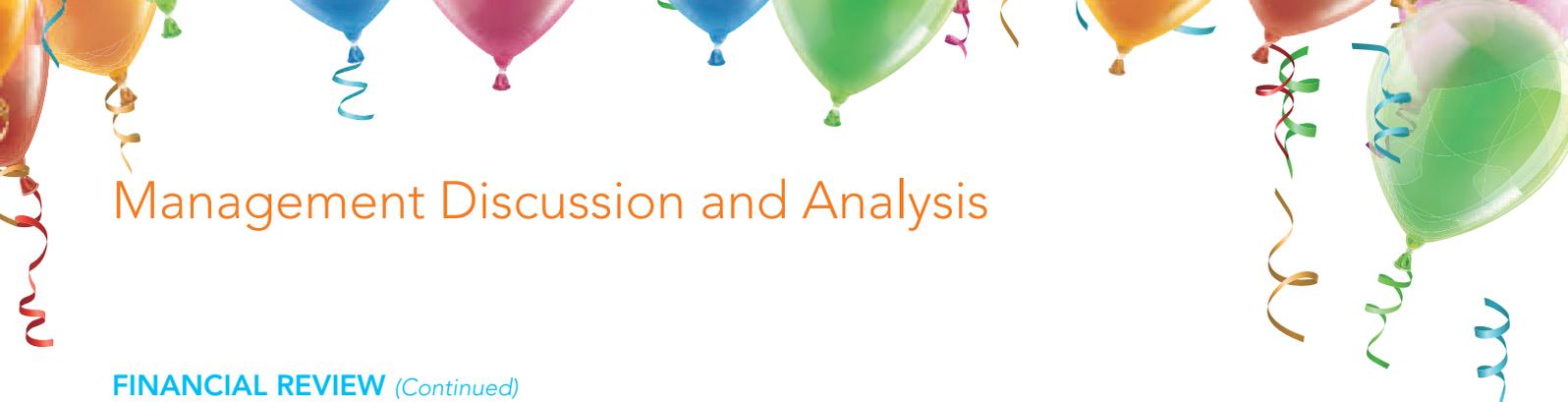
Human resources and remuneration policy

As at 31 March 2017, the Group (other than its joint ventures) employed approximately 4,280 employees (2016: 4,175). Staff costs of the Group decreased by approximately HK\$2.4 million, or approximately 0.5%, from approximately HK\$533.5 million for the year ended 31 March 2016 to approximately HK\$531.1 million for the year ended 31 March 2017. The decrease was attributable to the improved control of labour costs.

The Group understands the importance of recruiting the right personnel and retaining experienced staff in the highly competitive labour market in order to maintain its operations and uphold its well-established high-quality services across all of its restaurants. Staff costs as a percentage of the Group's revenue amounted to approximately 28.8% for the year ended 31 March 2017 as compared to approximately 28.6% for the year ended 31 March 2016.

Remuneration packages are generally structured by reference to market conditions, individual qualifications and performance, degree of responsibility, level of experience as well as the Group's financial results. The Group reviews the remuneration of employees from time to time and continued to make proper adjustments to the salary of its staff during the period under review in line with the Group's historical practices.

Further, the Group had adopted its pre-IPO share option scheme on 5 November 2012 (the "**Pre-IPO Share Option Scheme**"), where certain executives, employees and Directors ("**Eligible Employees**") are entitled to share options to subscribe for the ordinary shares of the Company (the "**Shares**") as a reward for recognising the contribution of such Eligible Employees. As at 31 March 2017, approximately 26,800,000 options (2016: approximately 26,800,000 options) were outstanding under the Pre-IPO Share Option Scheme and no share options have been exercised during the last financial year.



Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Human resources and remuneration policy *(Continued)*

In addition, the Group had adopted its share option scheme on 5 November 2012 (the “**Share Option Scheme**”), where certain eligible persons whose contributions have been beneficial to the performance, growth or success of the Group would be awarded a personal stake in the Company. Since the adoption of the Share Option Scheme, no options have been granted. As at 31 March 2017, no share options were outstanding.

Property rentals and related expenses

Property rentals and related expenses increased by approximately HK\$3.8 million, or approximately 1.2%, from approximately HK\$311.5 million for the year ended 31 March 2016 to approximately HK\$315.3 million for the year ended 31 March 2017, which was primarily attributable to (i) the commencement of leases for the respective newly opened restaurants during the second half of the last financial year; and (ii) increases in rent across existing stores in the renewal of certain leases. In order to ensure better control of property rental costs and related expenses, the Group typically negotiated rental agreements with longer lease terms, to maintain commercially predictable and certain rental costs.

Share of profits of joint ventures

Share of profits of joint ventures amounted to approximately HK\$31.9 million for the year ended 31 March 2017, representing a decrease of approximately HK\$1.9 million, or approximately 5.6% from approximately HK\$33.8 million for the year ended 31 March 2016. The decrease was mainly attributable to the economic downturn in Macau, which in turn affected the performance of the local retail and catering sector despite the Group’s opening of a new restaurant during the year under review.

Income tax expense

Income tax expense increased by approximately HK\$0.1 million, or approximately 0.3%, from approximately HK\$37.2 million for the year ended 31 March 2016 to approximately HK\$37.3 million for the year ended 31 March 2017.

Profit for the year

As a result of the decrease in other operating expenses and no provision for the impairment of fixed assets, profit for the year increased by approximately HK\$18.2 million, or approximately 25.2%, from approximately HK\$72.5 million for the year ended 31 March 2016 to approximately HK\$90.7 million for the year ended 31 March 2017.

Liquidity and financial resources

The Group financed its business with internally generated cash flows and the proceeds received from the listing of the issued Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 November 2012 (the “**Listing**”). As at 31 March 2017, the Group had cash and cash equivalents amounting to approximately HK\$496.6 million, representing a decrease of approximately HK\$50.6 million from approximately HK\$547.2 million as at 31 March 2016, as funds were utilised for acquiring property, plant and equipment for the opening of new restaurants. Most bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 31 March 2017, the Group’s total current assets and current liabilities were approximately HK\$638.1 million (31 March 2016: approximately HK\$645.9 million) and approximately HK\$304.0 million (31 March 2016: approximately HK\$333.5 million) respectively, while the current ratio was about 2.1 times (31 March 2016: about 1.9 times).

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Liquidity and financial resources *(Continued)*

As at 31 March 2017, the Group had interest-bearing bank borrowings of approximately HK\$71.5 million (31 March 2016: approximately HK\$76.7 million). The interest-bearing bank borrowings were secured, repayable on demand and denominated in Hong Kong dollars and bore interest at 1.75% above the one-month Hong Kong Interbank Offered Rate. During the year ended 31 March 2017, no financial instruments were used for hedging purposes.

As at 31 March 2017, 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 6.2% (31 March 2016: approximately 6.6%).

Material acquisition and disposal

On 26 January 2017, Kang Wang Holdings Limited (a wholly-owned subsidiary of the Company) entered into a conditional sale and purchase agreement (the "SPA") with certain Directors and controlling shareholders of the Company for the acquisition of Success Path Limited which owns a building in Kwun Tong, Hong Kong.

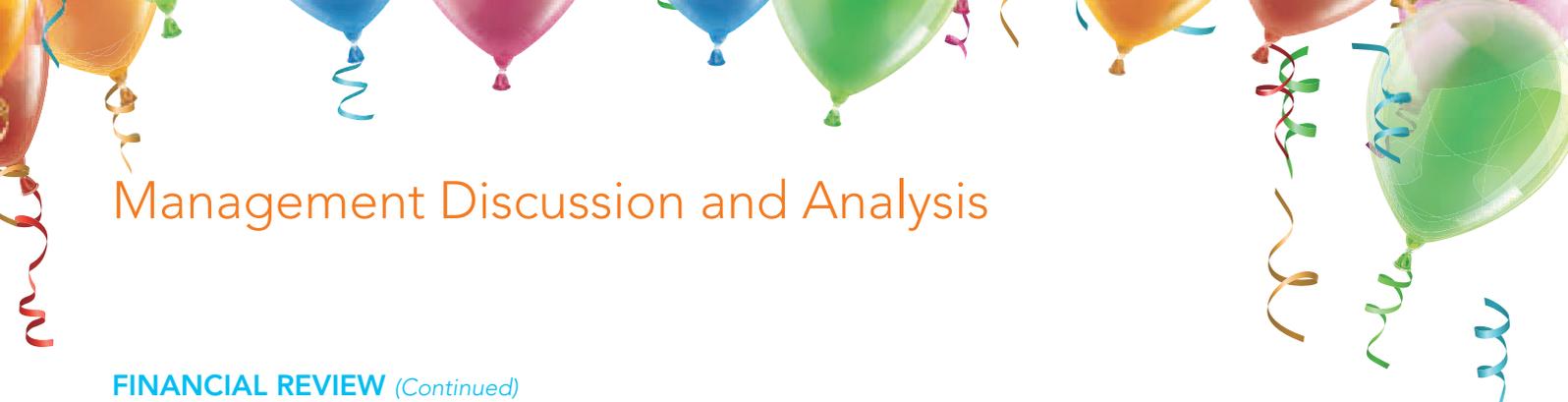
The parties, however, subsequently entered into a deed of termination on 27 April 2017 to terminate the transactions considered under the SPA. The Board was of the view that the termination of the SPA was in the interests of the Company and its shareholders (the "Shareholders") as a whole and had no material adverse impact on the existing business or financial position of the Group.

The Group otherwise had no material acquisition or disposal for the year ended 31 March 2017.

Use of net proceeds from the Listing

The net proceeds from the global offering of the Company were approximately HK\$794.4 million (after deducting underwriting fees and related expenses). The use of the net proceeds from the Listing as at 31 March 2017 was approximately as follows:

Use of net proceeds	Percentage of net proceeds	Net proceeds (in HK\$ million)	Amount utilised (in HK\$ million)	Amount remaining (in HK\$ million)
Opening new restaurants and delivery centres and launch of catering service in Hong Kong	20%	158.9	(158.9)	–
Opening new restaurants in Mainland China	35%	278.0	(278.0)	–
Construction of new central kitchen in Hong Kong	10%	79.4	(79.4)	–
Construction of new central kitchens in Shanghai and Southern China	20%	158.9	(108.3)	50.6
Upgrading information technology systems	5%	39.8	(16.0)	23.8
Additional working capital and other general corporate purposes	10%	79.4	(79.4)	–
Total	100%	794.4	720.0	74.4



Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Foreign currency risk

The Group's sales and purchases for the year ended 31 March 2017 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 government of the People's Republic of China (the "PRC"). The exchange rates may also be affected by domestic and international economic developments and political changes, and the demand and supply for the Renminbi. The appreciation or devaluation of the Renminbi against the Hong Kong dollar may have an impact on the Group's results. The Group will continue to take proactive measures and closely monitor its exposure to such currency movement.

Contingent liabilities

As at 31 March 2017, the Group had contingent liabilities of approximately HK\$8.1 million (31 March 2016: approximately HK\$3.6 million) in respect of bank guarantees given in favour of landlords in lieu of rental deposits.

Charge on assets

As at 31 March 2017, save as those disclosed in note 31 to the financial statements in this annual report and time deposits of approximately HK\$8.1 million (31 March 2016: approximately HK\$3.6 million) pledged for bank guarantee facilities of the Group, there was no charge on the Group's other assets.

Training and continuing development

During the year ended 31 March 2017, comprehensive training programmes and development initiatives pertaining to operational and occupational safety and also customer services were provided to relevant employees in order to enhance the quality of services expected from customer-facing staff as well as to ensure the effective implementation of the Group's business ethos.

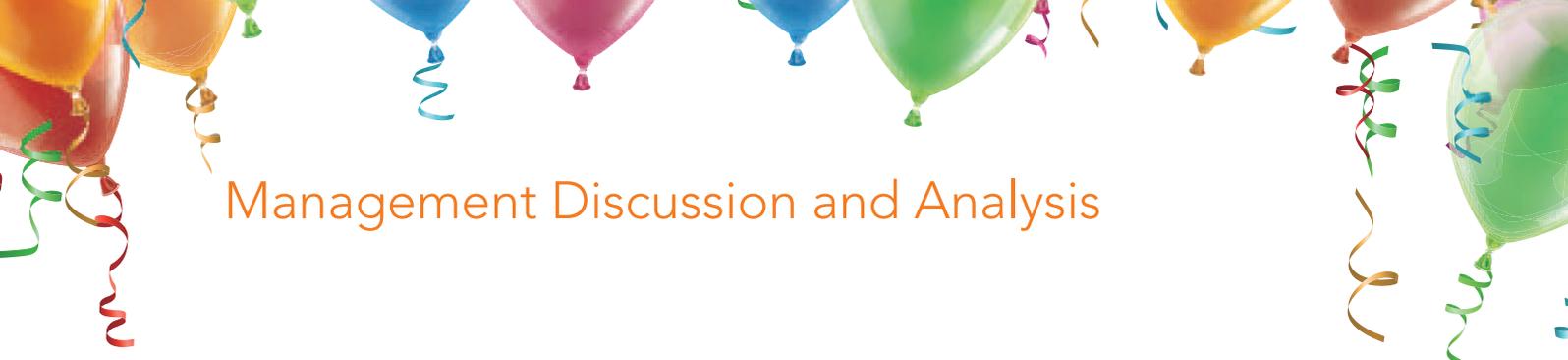
PROSPECTS AND OUTLOOK

Customer satisfaction

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

Corporate social responsibility

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



Management Discussion and Analysis

PROSPECTS AND OUTLOOK *(Continued)*

Outlook

As the global economy is still undergoing a period of uncertainty and has witnessed unprecedented recent political events, the Group remains cautious and concerned about the impact on the economic conditions in Hong Kong and Mainland China. In particular, the Group will continue to monitor the rental lease terms for its respective restaurants and the rising cost of raw ingredients as well as tackle the pervasive challenge of shortages in labour and the upcoming statutory increase in minimum wage in Hong Kong.

Even though the macroeconomic environment has been challenging and is projected to remain so, the Group has persevered through this intensely competitive market in the last financial year. The Group remains confident of sustaining its unique position in Hong Kong and Mainland China and is excited by its long-term prospects in the *Cha Chaan Teng* market in light of the Group's iconic brand and continued popularity as well as the enduring demand for the affordable signature dishes offered in Tsui Wah's restaurants.

In particular for Hong Kong, the Group will continue to organically implement the use of its central kitchen to improve operational efficiency by lowering food cost and to ensure consistent food quality as well as continuing to refine signature dishes to further enhance customer satisfaction. The Group will continue to expand its restaurant network and enlarge its customer base through current business initiatives such as "Tsui Wah Delivery" and "Supreme Catering".

In the coming summer of 2017 and the near future, the Group will be introducing exciting new concepts that it believes will be successful in capturing emerging business opportunities. The Group is pleased to announce that it will launch new dishes to attract a broader customer base. The Group intends to increase profit through the placing of adverts in the most highly-watched local television network and sponsoring the popular recurring Cantonese television drama series "滄心風暴", thereby further cementing the iconic "Tsui Wah" brand in the hearts of the Hong Kong populace and the wider Chinese demographic.

In respect of the market outlook for Mainland China, the Group is expected to continue to benefit from ongoing urbanisation and development as well as an expected increase in the disposable income of the large middle-class. The Group will continue to evaluate expansion possibilities within different localities in Mainland China including other promising first and second tier cities should appropriate opportunities arise. The Group will continue to monitor the recovery of the economy in Mainland China and tackle the changes in consumer habits to maintain the profitability of the Group.

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

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lee Yuen Hong (李遠康), aged 62, 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 positions in almost all subsidiaries of the Company. He is one of the founders of the Group and is primarily responsible for the Group's overall corporate strategies, management and business development. Mr. Lee is also the chairman of the remuneration committee of the Company (the "**Remuneration Committee**") and a member of the nomination committee of the Company (the "**Nomination Committee**"). 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. Cheung Yu To. Mr. Lee joined the restaurant industry in Hong Kong in 1966 and has since served in various positions within the industry. He served as cook, chief cook and chef in a number of restaurants from 1973 to 1989. Mr. Lee has spent over 25 years in the Group since 1989 which, together with his previous positions in other restaurants, has allowed him to accumulate over 45 years of experience in the restaurant industry, in particular in the *Cha Chaan Teng* segment. He is currently the honorary chairman of the Association of Coffee and Tea (香港咖啡紅茶協會), the chairman of the Hong Kong Federation of Restaurants and Related Trades (香港餐飲聯業協會) and a member of the Business Facilitation Advisory Committee (方便營商諮詢委員會), the Mandatory Provident Fund Industry Schemes Committee (強制性公積金行業計劃委員會), the Quality Tourism Services Sub-Committee (優質旅遊服務小組委員會), the Catering and Hospitality Services Safety and Health Committee and the Committee on Reduction of Salt and Sugar in Food (降低食物中鹽和糖委員會), respectively. He also serves as the vice-president of the Guangzhou Restaurant & Catering Association (廣州市飲食行業商會) and was appointed as a council member of the Shanghai Cuisine Association (上海市烹飪協會). Mr. Lee completed the Hygiene Supervisor Training Course (衛生督導員訓練課程) organised by the Food and Environmental Hygiene Department in December 2004. Mr. Lee obtained his master's degree in business administration from the Sun Yat-Sen University (中山大學) in China in November 2010. Mr. Lee is the father of Mr. Lee Tsz Kin Kenji, who is also an executive Director. In addition, he is a director of Cui Fa Limited, a controlling Shareholder.

Mr. Cheung Yu To (張汝桃), aged 59, is an executive Director and one of the founding members of the Group. Mr. Cheung 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 positions in various subsidiaries of the Company. Mr. Cheung is also a director of Cui Fa Limited, a controlling Shareholder. Together with Mr. Lee Yuen Hong, he is responsible for the Group's overall management of the Group's business operations. Mr. Cheung has been working in the restaurant industry for over 30 years and has accumulated extensive experience in the restaurant industry. 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 the Continuing Education of the Open University of Hong Kong. In addition, he is a director of Cui Fa Limited, a controlling Shareholder.

Mr. Lee Tsz Kin Kenji (李祉鍵), aged 32, is an executive Director. He also holds directorships in almost all subsidiaries of the Company. Mr. Lee joined the Group as the marketing and design officer in January 2008. He assumed the position as project development department head of the Group from early 2010 to the first half of 2015, responsible for formulating the development direction and store planning of the Group. Since May 2015, Mr. Lee became the head of the brand development department of the Group, responsible for corporate development, leasing cooperation and business diversification of the Group. He was appointed as an executive Director and the business development director of the Group in November 2016, in which he is responsible for overseeing new business development, project development as well as facilities management, leasing, and information technology business of the Group. In addition, he is a director of Cui Fa Limited, a controlling Shareholder.

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

Biographies of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Cheng Chung Fan (鄭仲勳), aged 36, is a non-executive Director. Mr. Cheng has been a non-executive Director since 1 November 2016. Currently, he is a director of Hao Tian International Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”) to carry on dealing in securities, a type 1 regulated activity. Mr. Cheng has assumed positions in various investment and financial advisory companies in Hong Kong from July 2009 to August 2016. He obtained a bachelor’s degree in applied science specialising in electrical engineering from Queen’s University, Canada in June 2004 and a master’s degree in science specialising in engineering enterprise management from The Hong Kong University of Science and Technology in July 2007.

Mr. Cheng Yu Sang (鄭如生), aged 51, is a non-executive Director. Mr. Cheng has been a non-executive Director since 1 November 2016. He joined the Group in March 2003 and was the person-in-charge of the Wellington Street branch of the Tsui Wah restaurant in Central, Hong Kong. In 2006, he became the master chef of the Group. Since 2008, he has been involved in the preparation of the Group’s business expansion in Shanghai, China and he is now responsible for overseeing and managing the catering services of the Group in Hong Kong.

Mr. Wong Chi Kin (黃志堅), aged 44, is a non-executive Director. Mr. Wong is also a member of the audit committee of the Company (the “Audit Committee”). Mr. Wong was appointed as an independent non-executive Director on 5 November 2012 and was re-designated as a non-executive Director on 1 November 2016. He has approximately 20 years of experience working in accounting, banking and corporate finance with various international banks and companies listed in Hong Kong and the UK.

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

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

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Goh Choo Hwee (吳慈飛), aged 45, has been an independent non-executive Director since 5 November 2012. Mr. Goh is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee, respectively. Mr. Goh is a member of the Law Society of Hong Kong and has been a practicing solicitor since 1997 and is currently a partner of Ma Tang & Co., a law firm in Hong Kong. He has over 20 years of experience in PRC-related corporate and securities practices. Mr. Goh has served as the company secretary and authorised representative of Xinhua News Media Holdings Limited (stock code: 309) since 11 December 2013. Mr. Goh was appointed as an independent non-executive director of (i) China Ever Grand Financial Leasing Group Co., Ltd. (stock code: 379), since 18 January 2012; and (ii) Huajin International Holdings Limited (stock code: 2738), since 23 March 2016. He was also an independent non-executive director of Theme International Holdings Limited (stock code: 990) from 27 September 2013 to 4 November 2015. The four aforementioned companies are listed on the Stock Exchange. Mr. Goh graduated from The Chinese University of Hong Kong in December 1993 with a bachelor's degree in arts. He subsequently obtained a Postgraduate Certificate in Laws from the University of Hong Kong in June 1995.

Mr. Tang Man Tsz (鄧文慈), aged 46, has been an independent non-executive Director since 1 November 2016. He is also a member of the Remuneration Committee and the Nomination Committee, respectively. Currently, he is the managing director of UNI Consulting (HK) Limited, responsible for providing consulting services to listed companies. Mr. Tang has accumulated over 20 years of experience in international investment and corporate banking services. He worked for numerous renowned international banking corporations including Merrill Lynch, UBS, Royal Bank of Scotland and BNP Paribas, in which he was involved in the provision of bond financing and equity financing services. Mr. Tang received a bachelor's degree in economics from The Chinese University of Hong Kong in 1994.

Mr. Yim Kwok Man (嚴國文), aged 48, has been an independent non-executive Director since 5 November 2012. He is the chairman of the Audit Committee. Mr. Yim has over 20 years of experience in the areas of corporate finance, debt and equity capital markets, asset management as well as mergers and acquisitions in Asia, in particular in Hong Kong and the PRC. He is a fellow member of the Association of Chartered Certified Accountants in the UK and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yim is a registered representative of type 5 activities (advising on futures contracts), type 4 activities (advising on securities), and type 9 activities (asset management) with the Securities and Futures Commission of Hong Kong (the "SFC"). He has served as a managing director of Galaxy Asset Management (H.K.) Limited and worked with various international financial institutions and investments banks since 1994, including Rabobank International Hong Kong Branch, DBS Asia Capital Limited as well as CITIC Capital Markets Holdings Limited. Mr. Yim served as a non-executive director of Eternite International Company Limited (currently known as Larry Jewelry International Company Limited), the shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8351), from December 2010 to August 2011. Mr. Yim has also served as a non-executive director of Star Properties Group (Cayman Islands) Limited, the shares of which are listed on Main Board of the Stock Exchange (stock code: 1560), since 4 March 2016. Mr. Yim graduated with a bachelor's degree in civil engineering from the Hong Kong Polytechnic in November 1991. He completed a master of business administration exchange program at the John E. Anderson Graduate School of Management, University of California, USA in 1993 and obtained a master's degree in business administration from The Chinese University of Hong Kong in December 1994.

Biographies of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Pang Kwing Ho Peter (彭焯豪), aged 58, was appointed as the chief executive officer of the Company on 1 June 2016. Mr. Pang has been the managing director of Supreme Catering, a business unit of the Company, since its incorporation.

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

Ms. Li Tsau Ha (李焯夏), aged 54, joined the Group in September 2009 and received a master’s degree in business administration from University of South Australia in October in the same year. Currently, she is the Company’s general manager, responsible for the execution of the daily business operations of the Group as well as in charge of the Group’s administrative and human resources functions. Ms. Li has over ten years of management experience in the catering industry, as well as in human resources, training development and employee relations. She is a member of the board of directors of the Hong Kong Federation of Restaurants and Related Trades (香港餐飲聯業協會), a member of the Association for Hong Kong Catering Services Management Limited, a member of the Hong Kong Institute of Human Resource Management, a governing council member of the Quality Tourism Services Association, a council member of the Lift and Escalator Safety Advisory Committee of Hong Kong, a member of the Catering Industry Training Advisory Committee and a RPL Assessor at the Qualifications Framework.

Prior to joining the Group, she was the manager of New Gem Property Management & Agency Limited from June 2002 to March 2003 and the senior manager from 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 courses for management of Table Services Section (Level 3), Warehouses Management and Procurement (Level 3), Management of Catering Services and Banquet (店務管理) (Level 4) and operations management (Level 4) organised by Vocational Training Council in June 2013. Ms. Li obtained a certificate as a senior human resources management professional* (高級人力資源法務(規劃)師) from the China Employment Training Technical Institution Center in October 2013. Ms. Li was an adjudicator of the Immigration Tribunal as well as a member of the Appeal Panel (Housing) in Hong Kong.

Mr. Yang Dong John (楊東), aged 42, has been appointed as the chief financial officer of the Group since 22 August 2016 and is responsible for overseeing the Group’s financial reporting functions and specific financial projects. Mr. Yang was the chief financial officer of the Company from 4 June 2012 to 31 December 2015 and assisted the Group in the Listing. Mr. Yang was appointed as the chief executive officer for the PRC in March 2014, assisting the Group in the management and development of business in the PRC. He served as the company secretary and an authorised representative of the Company from June 2012 to February 2015.

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



Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

Throughout the year ended 31 March 2017 and up to the date of this annual report, the Company has complied with all the code provisions of the CG Code.

The Board periodically reviews and continues to enhance the Company's corporate governance policies to ensure compliance with the code provisions of the CG Code.

DIRECTORS

The Board

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

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

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

Corporate Governance Report

Board Meetings and General Meeting

For the year ended 31 March 2017, the Board held five meetings. The attendance record of each Director in respect of Board meetings for the year ended 31 March 2017 and the annual general meeting of the Company (the "AGM") for the year ended 31 March 2016 is set out below:

Name of Director	Number of Board meeting(s) attended/ eligible to attend	AGM attended/ eligible to attend
<i>Executive Directors:</i>		
Mr. Lee Yuen Hong (Chairman)	5/5	1/1
Mr. Cheung Yu To	5/5	1/1
Mr. Cheung Yue Pui (retired on 26 August 2016)	1/1	1/1
Mr. Lee Tsz Kin Kenji (appointed on 1 November 2016)	3/3	N/A
<i>Non-executive Directors (the "NEDs"):</i>		
Mr. Ho Ting Chi (retired on 26 August 2016)	1/1	1/1
Mr. Wong Chi Kin (no longer an INED and re-designated as a NED on 1 November 2016)	5/5	1/1
Mr. Cheng Chung Fan (appointed on 1 November 2016)	3/3	N/A
Mr. Cheng Yu Sang (appointed on 1 November 2016)	3/3	N/A
<i>Independent Non-executive Directors (the "INEDs"):</i>		
Mr. Goh Choo Hwee	5/5	0/1
Mr. Tang Man Tsz (appointed on 1 November 2016)	3/3	N/A
Mr. Yim Kwok Man	5/5	0/1

For the year ended 31 March 2017, apart from the Board meetings, consents and/or approvals of the Board were also obtained by way of written resolutions on a number of matters.

Chairman and Chief Executive Officer

For the year ended 31 March 2017, the Chairman was Mr. Lee Yuen Hong whilst the chief executive officer of the Company (the "Chief Executive Officer") was Mr. Ho Ting Chi, a former executive Director, who has been replaced by Mr. Pang Kwing Ho Peter since 1 June 2016. The Company has complied with code provision A.2.1 of the CG Code, which stipulates that the chairman and chief executive should be segregated and should not be performed by the same individual. The Chairman provides leadership for the Board, encouraging all Directors to be proactive in their contributions to the Company's affairs and ensures that the Directors act in the best interests of the Company. The Chief Executive Officer represents the management of the Company and is mainly responsible for overseeing the implementation of the Group's strategies, business objectives and management policies.

Corporate Governance Report

Board Composition

Currently, the Board comprises nine Directors, including three executive Directors, three non-executive Directors 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>)	Chairman of Nomination Committee Member of Remuneration Committee
Mr. Cheung Yu To	N/A
Mr. Lee Tsz Kin Kenji	N/A
<i>NEDs:</i>	
Mr. Wong Chi Kin	Member of Audit Committee
Mr. Cheng Chung Fan	N/A
Mr. Cheng Yu Sang	N/A
<i>INEDs:</i>	
Mr. Goh Choo Hwee	Chairman of Remuneration Committee Member of Audit Committee Member of Nomination Committee
Mr. Yim Kwok Man	Chairman of Audit Committee
Mr. Tang Man Tsz	Member of Remuneration Committee Member of Nomination Committee

During the year ended 31 March 2017, the Board ensured that at least one-third of the Board comprised INEDs and the minimum number of INEDs was three, as required under rules 3.10(1) and 3.10A of the Listing Rules. In addition, pursuant to rule 3.10(2) of the Listing Rules, the Board ensured that at least one of the INEDs possessed appropriate professional qualifications, or accounting or related financial management expertise. Mr. Yim Kwok Man is a fellow member of the Association of Chartered Certified Accountants in the UK and is a member of the Hong Kong Institute of Certified Public Accountants.

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

The biographies of the Directors are set out on pages 16 to 18 of this annual report. Save as disclosed in the section headed "Biographies of Directors and Senior Management" in this annual report, there is no family, financial or business relationship among the Directors, and in particular, between the Chairman and the Chief Executive Officer.

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

Corporate Governance Report

Directors' Liabilities Insurance

During the year ended 31 March 2017, the Company had arranged for appropriate and adequate insurance cover to protect the Directors from legal action arising from the performance of their duties as a Director. Such insurance coverage is reviewed and renewed on an annual basis.

Appointment, Re-Election and Removal of Directors

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

Continuous Professional Development

In compliance with code provision A.6.5 of the CG Code, the Company had arranged and provided funding for all the Directors to participate in continuous professional development. This was conducted by way of in-house training, seminars and other appropriate courses to refresh their knowledge and understanding of the Group and its business or to update their skills and knowledge with respect to the latest development or changes in the relevant statutes, the Listing Rules and corporate governance practices as well as enhancing their awareness on the responsibilities for a director of a listed corporation.

A summary of the training received by the Directors for the year ended 31 March 2017 is set out below:

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. Cheung Yu To	✓	✓	✓
Mr. Lee Tsz Kin Kenji	✓	✓	✓
<i>NEDs:</i>			
Mr. Wong Chi Kin	✓	✓	✓
Mr. Cheng Chung Fan	✓	✓	✓
Mr. Cheng Yu Sang	✓	✓	✓
<i>INEDs:</i>			
Mr. Goh Choo Hwee	✓	✓	✓
Mr. Tang man Tsz	✓	✓	✓
Mr. Yim Kwok Man	✓	✓	✓



Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

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

Following the specific enquiries made by the Company on them, all Directors confirmed to the Company that they had complied with the standards as set out in the Model Code for the year ended 31 March 2017 and up to the date of this annual report.

BOARD COMMITTEES

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

Nomination Committee

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

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

Corporate Governance Report

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

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

For the year ended 31 March 2017, the Nomination Committee held two meetings. Attendance of each member of the Nomination Committee for the year under review is set out as follows:

Name of Directors	Number of meeting(s) attended/ eligible to attend
Mr. Lee Yuen Hong (<i>Chairman</i>) (appointed as the chairman on 1 November 2016)	2/2
Mr. Wong Chi Kin (resigned as the chairman and a member on 1 November 2016)	2/2
Mr. Goh Choo Hwee	2/2
Mr. Tang Man Tsz (appointed as a member on 1 November 2016)	0/0

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

The work performed by the Nomination Committee during the year ended 31 March 2017 is summarised as follows:

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

Corporate Governance Report

Remuneration Committee

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

For the year ended 31 March 2017, the Remuneration Committee held two meetings. Attendance of each member of the Remuneration Committee for the year under review is set out as follows:

Name of Directors	Number of meeting(s) attended/ eligible to attend
Mr. Goh Choo Hwee (<i>Chairman</i>)	2/2
Mr. Wong Chi Kin (resigned as a member on 1 November 2016)	2/2
Mr. Lee Yuen Hong	2/2
Mr. Tang Man Tsz (appointed as a member on 1 November 2016)	0/0

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

The work performed by the Remuneration Committee during the year ended 31 March 2017 is summarised as follows:

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

Corporate Governance Report

Audit Committee

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

This annual report has been reviewed by the Audit Committee.

For the year ended 31 March 2017, the Audit Committee held four meetings. Attendance of each member of the Audit Committee for the year under review is set out as follows:

Name of Directors	Number of meeting(s) attended/eligible to attend
Mr. Yim Kwok Man (<i>Chairman</i>)	4/4
Mr. Goh Choo Hwee	4/4
Mr. Wong Chi Kin	4/4

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

The work performed by the Audit Committee during the year ended 31 March 2017 is summarised below:

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



Corporate Governance Report

Corporate Governance Function

The Board is responsible for ensuring that the Company maintains and implements comprehensive corporate governance practices and procedures. For the year ended 31 March 2017, the Board:

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

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

REMUNERATION OF SENIOR MANAGEMENT

For the year ended 31 March 2017, the level of remuneration for members of senior management of the Group (other than the Directors) is broadly set out as follows:

Band of remuneration (HK\$)	Number of person(s)
Below 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

All Directors fully understand their responsibilities in publishing a clear and accurate assessment of the annual and interim reports, as well as price-sensitive or inside information and relevant disclosures by way of announcements as required under the Listing Rules. The Directors acknowledge responsibility for the preparation of the Group's financial statements and confirm the true and fair depiction of the Group's state of affairs. The independent auditor's statement regarding its reporting responsibilities in respect of the financial statements of the Group is set out on page 62 of the independent auditor's report. The Directors, having made the relevant enquiries, confirm that there are no material uncertainties relating to events which may affect the Company's ability to continue as a going concern.

Currently, the Company's external auditor is Ernst & Young (the "**Independent Auditor**").

For the year ended 31 March 2017, the fees paid or payable to the Independent Auditor are set out as follows:

	Fees paid/ payable HK\$'000
Audit service	2,280
Non-audit services:	
Review of interim condensed consolidated financial statements	250
Tax services	395
Total	2,925

RISK MANAGEMENT AND INTERNAL CONTROL

Sound and effective risk management and internal control systems are important to safeguard the Shareholders' investment and the Company's assets. The Board is directly responsible for risk management and the internal control systems of the Group and reviewing their effectiveness. The systems are designed for the Group to identify and manage significant risks to achieve its business objectives, safeguard its assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The systems are designed to manage rather than to eliminate the risk of failure in order to achieve the business objectives of the Group, and can only serve as reasonable, but not absolute, assurance against material misstatement or loss.

The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems. The Board conducts and reviews of the effectiveness of such systems on an annual basis through the Audit Committee which is responsible for all material financial, operational and compliance controls.



Corporate Governance Report

The Board has adopted a prudent and comprehensive risk management policy to identify, evaluate and manage significant risks. Senior management can thereby identify risks which might adversely affect the achievement of the Group's objectives, and assess as well as prioritise the level of risk, in order to draw up risk mitigation plans which can then be established to respond to such significant risks.

In compliance with code provision C.2.5 of the CG Code, the Company had an internal audit function to conduct an internal control of certain significant areas of the Group during the year under review.

The Board, through the Audit Committee, conducted an annual review on the effectiveness of the Group's risk management and internal control systems in its financial, operational and compliance controls and risk management functions, including but not limited to the Group's ability to respond to changes in its business and external environment in terms of significant risks; the scope and quality of management's ongoing monitoring of risks and of the internal control systems and results of internal audit work; the extent and frequency of communication of monitoring results to the Board in relation to the result of risk and internal control review; significant control failing or weakness having been identified and their related implications; and status of compliance with the Listing Rules. The Board is of the opinion that the Group's risk management and internal control systems were adequate and effective during the year ended 31 March 2017.

The Board, also through the Audit Committee, has reviewed the adequacy of the Group's resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions as well as the qualifications and experience of the internal auditors.

DISSEMINATION OF INSIDE INFORMATION

With respect to the procedure and internal controls for the handling and dissemination of price-sensitive information, the Company is aware of its obligations under Part XIVA of the SFO and the Listing Rules and has established a policy for the disclosure of inside information (the "**Inside Information Disclosure Policy**") with close regard to the "Guidelines on Disclosure of Inside Information" issued by the SFC.

The Inside Information Disclosure Policy includes, among other things:

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



Corporate Governance Report

DELEGATION BY THE BOARD

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

COMPANY SECRETARY

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

Mr. Kwok is a fellow member of each of The Institute of Chartered Secretaries and Administrators and The Institute of Financial Accountants in England, the Institute of Public Accountants in Australia, The Hong Kong Institute of Chartered Secretaries, The Association of Hong Kong Accountants and The Hong Kong Institute of Directors. As Mr. Kwok was first appointed as the company secretary of a Hong Kong Hang Seng Index constituent stock company in 1991 and has been acting in such capacity for a number of other reputable companies listed on the Stock Exchange for a substantial amount of time, he was not required to have at least 15 hours of relevant continuous professional development training for each of the five consecutive years from 2012 (including the first nine months of the year ended 31 March 2017). However, despite the above exemption, Mr. Kwok had delivered and attended over 15 hours' relevant seminars during the year under review pursuant to rule 3.29 of the Listing Rules.

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

COMMUNICATION WITH SHAREHOLDERS

Effective Communication

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

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



Corporate Governance Report

The Chairman and members of the Board and chairmen of the various Board committees will attend the forthcoming AGM to be held on 25 August 2017 to answer questions raised by the Shareholders.

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

Shareholders' Rights

1. Procedures for Shareholders to Convene an Extraordinary General Meeting

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

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

2. Procedures for Raising Enquiries

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

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

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

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

Corporate Governance Report

3. Procedures for Putting Forward Proposals at Shareholders' Meetings

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

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

(ii) *Other proposals:*

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

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

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

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



Corporate Governance Report

Constitutional Documents

Pursuant to a special resolution of the Shareholders passed on 5 November 2012, the amended and restated memorandum and articles of association of the Company (the “**M&A**”) were adopted with effect from the date of the Listing. During the year ended 31 March 2017, there was no change in the M&A.

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



Environmental, Social and Governance Report

INTRODUCTION

The Group has always regarded corporate social responsibility 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 community needs which arise from time to time and has actively participated in community care events and launched various campaigns to contribute to society, so as to enhance social care and a sense of responsibility among various stakeholders except for business growth, and to achieve a high level of environmental protection, social responsibility and governance.

This report summarises several areas of the Group's business practices related to the environment and society as well as relevant implemented policies and strategies to the Group's (i) operational practices, (ii) working environment, (iii) environmental protection, (iv) community engagement and (v) the circumstances of compliance with the relevant laws and regulations. The reporting period of this report is from 1 April 2016 to 31 March 2017. This report relates to the Company and its subsidiaries. For details of the subsidiaries, please refer to paragraph 1 of the section headed "Notes to Financial Statements" in this annual report.

OPERATIONAL PRACTICES

Food Safety

The Group 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 was relocated to its self-owned property and commenced operations in February 2015. The "Supreme Catering" central kitchen facility, with an area of 10,000 square feet, is located in Yau Tong, Hong Kong and came into operation in 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 a consistent food quality.

Supply Chain Management

The Group uses strict criteria for the selection of suppliers. The suppliers must hold 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 relevant health certificates and the results of laboratory tests for their goods as and when required.

Evaluation on any suppliers for the initial provision of food merchandise is conducted by the procurement department. Such evaluation is conducted in compliance with standards regarding food safety, performance of suppliers, hygiene, business reputation, sustainability and corporate social responsibility. The Group conducts a review on its existing suppliers from time to time, including making an inspection of 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 2017, there were 456 suppliers under the “Approved List of Suppliers” who provided different types of products and services to the Group.

In respect of the Group’s central kitchen in Hong Kong, 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 monitored under the ISO22000:2005 food safety system 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 or used deceptive weight and packaging. The procurement department typically conducts investigation and gives notice to the offending suppliers to demand improvements so as to ensure the Group’s product quality and to protect the interests of consumers.

Quality Assurance

The Group has always striven to provide high quality food and services and places utmost importance to customers’ comments and advice. Through the establishment of a comprehensive feedback system, customers are able to communicate with the Group through many different channels, via the customer service hotline, e-mail, social media page, facsimile, letter or feedback form. The Group has specifically assigned personnel to follow-up on 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 has taken active steps to protect its trademarks and other intellectual property rights by making the necessary filing(s) or registration(s), and has 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 action when any infringing acts occur.

The Group’s other intellectual property rights consist primarily of intellectual property rights with respect to information management systems, proprietary know-how and secret recipes. To enhance the Group’s 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 contain confidentiality provisions with respect to the handling of 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 (Cap. 486) to ensure that the personal data collected will be treated confidentially and only for specific purposes.

Environmental, Social and Governance Report

WORKING ENVIRONMENT

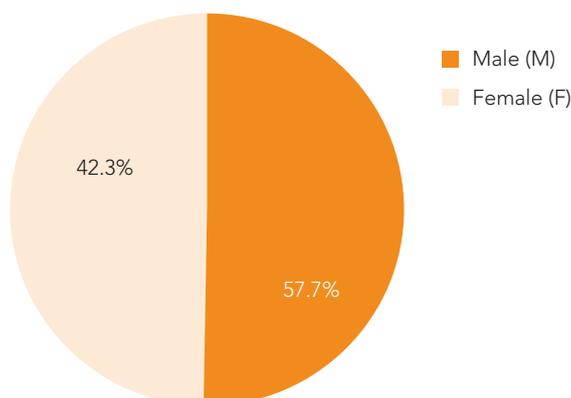
The Group regards its staff as the most important asset and resource of the Group as they help to sustain its core values and culture. The Group offered internal vocational training activities and encouraged its staff to attend external training courses to develop personal skills. During the year under review, a total of 3,680 hours and 3,684 hours of training were provided to the Group's staff in Hong Kong and Mainland China, respectively and the respective average training hours completed by each of the employees were approximately 2.1 hours and 2.8 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 support.

Employee Structure

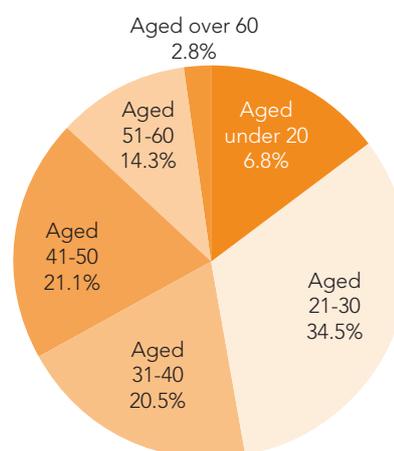
The Group is principally engaged in the operation of a *Cha Chaan Teng*, therefore, a strong and stable workforce is vital for its normal operations. As at 31 March 2017, the Group had a workforce of 4,283 (excluding the staff employed by the joint ventures), of which approximately 2,217 were employed in Hong Kong and around 2,066 were employed in Mainland China.

The Group strives to provide a work environment with equal opportunities. As at 31 March 2017, the Group's male-to-female employees ratio was nearly 57.7%: 42.3%. The Group had also recruited from a diverse age group. As at 31 March 2017, the Group's staff aged 21 to 30 years old, 31 to 40 years old and 41 to 50 years old represented approximately 34.5%, 20.5% and 21.1% 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 employees under reasonable and practicable conditions. The Group is committed to achieving this goal by implementing the following measures:

1. Establishing and maintaining a clean and hygienic 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 as and when necessary, and keeping such equipment in good working order;
6. Providing employees with adequate information, training and supervision as and when necessary;
7. Providing easy access to the workplace;
8. Keeping the workplace clean and avoiding nuisance caused by sewage flowing out of the drainage system, sanitation facilities or toilets;
9. Maintaining good ventilation in the workplace;
10. Ensuring and maintaining sufficient lighting in the workplace, and keeping glass windows and skylights for light penetration clean and clear;
11. Avoiding an overcrowded workplace;
12. Providing sufficient sanitation facilities and washrooms in the workplace;
13. Providing sufficient drinking water in the workplace;
14. Providing good maintenance for all floors, walls, ceilings, windows and skylights to avoid cracking risk;
15. Always keeping an even and dry floor in the workplace so as to avoid slipping and tripping or other potential hazards;
16. Ensuring proper storage of all goods and materials to eliminate hazard to others;
17. Conducting assessment for promotion;
18. Providing sufficient first-aid kit in the workplace;
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 treats 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. Talented people are the essential element of the catering industry after all.

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 candidates to join the Group, the Group offers diversified and professional training programmes to ensure they are qualified to carry out their job duties. The programmes cover training for frontline table services and value-added training for the production department. The Group has also arranged for employees to participate on secondments. 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 its management system and remuneration package to retain talent. The Group believes “Retention” precedes “Recruitment” in its recruitment strategy.

During the year, the Group was bestowed with the “Employer of Choice Award 2016” in respect of human resources in recognition of its contribution in this aspect.

ENVIRONMENTAL PROTECTION

The Group is committed to fulfill sustainable development and promote preservation of resources with its environmental responsibility. The Group joined the campaign “Food Wise Hong Kong” during the year 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 a meat-free green diet as well as reduce carbon usage, which in turn slows 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 needs and regularly participating in the wasted oil recycling plan, whereby wasted cooking oil will be provided to biodiesel producers for conversion into renewable energy, with the aim of reducing greenhouse gas emissions and air pollution.



Environmental, Social and Governance Report

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 waste. The Group also realises the importance in promoting public awareness on reducing food waste. Therefore, the Group has established a “Sustainable Development Committee” to review matters regarding environmental protection, environment and safety in its restaurants on a regular basis and promote environmental protection in its restaurants. Apart from food safety, employee safety, customer safety and safety management, the Group is also involved in matters relating to environmental protection, ensuring the Group’s operation is running on a sustainable model. Moreover, the Group also implements the 5-S model regularly to improve its restaurants continuously.

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 sub-brand Tsui Wah EATery.
- The Group’s restaurants located at the Hong Kong International Airport, the Peak and its sub-brand 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.
- Certain 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. Besides, for certain restaurants of the Group in Mainland China, food wastes were separated and disposed of through qualified recyclers.

Waste Oil Recycling Scheme

The central kitchens and certain restaurants of the Group have implemented the waste oil recycling scheme since 2014. Under this scheme, the qualified recyclers, collects waste oil produced by cooking and then converts it into renewable energy. During the year ended 31 March 2017, a total of 2,316 barrels of oil were collected.

In addition, the Group also participates in the Hong Kong Cooking Oil Registration Scheme launched by Hong Kong 2016 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.

Furthermore, certain restaurants of the Group in Mainland China properly disposed of waste cooking oil through waste oil collection companies.

Environmental, Social and Governance Report

Central Kitchens

All central kitchens of the Group adopt the centralised food processing model which enhances utilisation of raw materials and reduces waste. In contrast with the previous supply model that suppliers delivered raw materials directly to its restaurants, the central kitchens employ centralised logistics for delivery of food to each restaurant, which successfully reduces the frequency of delivery, and in turn contributing to the 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 the electrified model, no combustion air fan is required in the kitchens, thereby reducing noise as well as improving air quality and reducing gas emissions.

Transportation Fleet

The Group's transportation fleet in Hong Kong 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.

Purchasing Policies

- The napkins used in certain restaurants of the Group are certified by the Forest Stewardship Council (Forest Stewardship Council certificate), while products originated from endangered plants or involved in illegal logging are not adopted.
- The Group implements its environment-friendly purchasing policy by selecting suppliers compliant with the fair trade principle.
- Order forms and reports of certain restaurants of the Group are printed with recycled paper.
- Certain restaurants of the Group use bio-degradable detergent.

Electrical Devices

Certain 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 certain existing restaurants have been gradually replaced by LED (Light Emitting Diode) lighting appliances. Signboards of certain 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 certain new restaurants of the Group 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.
- Certain restaurants of the Group utilise daylight and natural ventilation as far as possible to reduce electricity requirement for artificial lighting and mechanical ventilation and air-conditioning.
- T5 lights are used in the office instead of Tungsten filament (鎢絲燈) in order save energy.

Air-Conditioning Devices

- The regional air-conditioning control system in certain restaurants of the Group are programmed to turn off certain units in unoccupied areas of individual restaurant with reference to its customer traffic flow, and an automatic temperature sensor is installed to normalise the temperature in restaurants.



Environmental, Social and Governance Report

Water-Consumption Appliances

- In the cleaning process, certain restaurants of the Group, without directly spraying water onto the containers, its employees use scrapers or brushes to remove residual before cleaning with water, and certain restaurants of 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 for certain restaurants of the Group.
- Brooms and mops are used to clean floor in the kitchen, dining area and outdoor areas to avoid spraying water for certain restaurants of the Group.

Green Label/Certification

- The Group has participated in the QREMS since 2013. 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 the Centre for Food Safety to keep updated on food safety development, enhance food safety, promote a positive image of the industry.
- Food Wise Eateries Scheme — 34 restaurants of the Group achieved Gold Class.
- Green Office Award — by World Green Organization in 2016.
- Sustainable Business Award — by World Green Organization in 2016.

Environmental Protection Activities

- The Group supported Green Monday’s action and introduced 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 2015.
- The Group’s Wellington Street branch in Central adopted papers certified by Forest Stewardship Council for printing dining menus and napkins.

COMMUNITY ENGAGEMENT

The Group is constantly aware of community needs and takes up its corporate responsibility with best efforts to make a contribution to the community by organising various fundraising events and sponsored community activities. The Group grows with the people of Hong Kong over the years and has been actively contributing to society, caring for the community, making donations and supporting environmental protection. 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 a culture of care towards.

Environmental, Social and Governance Report

Promotion of Caring Culture

The Group has closely cooperated with charitable organisations and encouraged its staff to reach out to community in support of social services. The Group has encouraged its staff to participate in social inclusion activities to promote a harmonious interaction between disabled and able persons and provide support for disadvantaged groups. To promote a harmonious community, Tsui Wah employees visited charitable organisations during various festivals to care and attention to the elderly and the sick.

Donation

As a responsible enterprise, the Group highly values charity work and community participation, hoping to contribute to Hong Kong society. In the past, the Group actively participated in various charity programs, including donating food and funds to various charities. By sponsoring community activities, the Group shows that it cares for the elderly, the sick and disadvantaged families, and encourages staff members to participate in such charity programs to give back to community.

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

During the year, the Group was praised in many occasions, being recognised for its participation in community activities and contribution to sustainable development, and is summarised below:

- Awarded the Caring Company Logo (Year 2016/17) by The Hong Kong Council of Social Service.
- Took part in various voluntary activities, including distributing moon-cakes and paying visits to organisations such as Pentecostal Church of Hong Kong — Tsz Fung Neighbourhood Elderly Centre (竹園區神召會慈鳳長者鄰舍中心), Baptist Oi Kwan Social Service — Chan Tak Sang Memorial Neighbourhood Elderly Centre (浸信會愛羣社會服務處陳德生紀念長者鄰舍中心) and Salvation Army — Yaumatei Multi-Service Centre for Senior Citizens (救世軍油麻地長者地區中心) during the Mid-Autumn Festival.
- Made donations and participated in the “2017 Hong Kong & Kowloon Walk for Millions” held by The Community Chest.
- Made donations and participated in the “Run For Vision 2016” co-organised by Hong Kong Blind Union and Social Enterprise “Running To Your Home”.
- Sponsored the Men’s and Women’s Medium-Sized Dragon Boat Championships (男女子混合中龍錦標賽) held by the Aberdeen Dragon Boat Race Committee (香港仔龍舟競渡大賽委員會) and participated in the “Family + Fish Charity Cup” of the Sixth Aberdeen Dragon Boat Race (2016) (第六屆 — 2016香港仔龍舟競渡大賽 — 「家家+魚慈善盃賽」) and the fish distributing event, during which fresh fish was distributed to the public for a happy Dragon Boat Festival.
- Supported and sponsored “Green WALK Hong Kong” held by World Green Organization.
- Sponsored and participated in Hong Kong Dragon Boat Carnival at Central Harbourfront. A local food booth was set up to promote well-known local food to participating rowers from all over the world and entrees of the carnival.



Environmental, Social and Governance Report

CIRCUMSTANCES OF COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group is committed to complying with all relevant laws and regulations relating to environmental protection, social responsibility and corporate governance. During the reporting period, the Group is not aware of any circumstances of non-compliance with laws and regulations that have a significant impact on the Group relating to:

- air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste;
- compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare;
- providing a safe working environment and protecting employees from occupational hazards;
- preventing child and forced labour;
- health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress; and
- bribery, extortion, fraud and money laundering.



Report of Directors

The Directors present this report together with the audited financial statements of the Group for the year ended 31 March 2017.

FAIR REVIEW OF BUSINESS

A fair review of the business of the Group together with a discussion and analysis of the Group's performance during the year ended 31 March 2017, the material factors underlying its financial performance as well as the Group's future business development are set forth in the "Chairman's Statement" and the "Management Discussion and Analysis" sections of this annual report. The information relating to food quality and safety, customers, suppliers, employees, community and environmental protection is accordingly set out in the "Environmental, Social and Governance Report" of this annual report.

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 the  "Tsui Wah (翠華)" brand, with 32 restaurants in Hong Kong, 29 restaurants in Mainland China and three restaurants in Macau as at 31 March 2017.

The listing of and the permission to deal in the Shares on the Stock Exchange commenced on 26 November 2012 (the "Listing Date").

FINANCIAL RESULTS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss on page 67 of this annual report.

CASH FLOW POSITION

The cash flow position of the Group for the year ended 31 March 2017 is set out and analysed in the consolidated statement of cash flows on pages 72 and 73 of this annual report.

DIVIDEND

An interim dividend of HK2.0 cents (2016: HK2.0 cents) per Share was paid on Wednesday, 14 December 2016.

The Board has recommended the payment of a final dividend of HK1.5 cents (2016: HK1.5 cents) per Share to the Shareholders whose names will appear on the register of members of the Company (the "Register of Members") on Tuesday, 5 September 2017, 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 Thursday, 14 September 2017.

The Board has also recommended the payment of a special dividend of HK2.0 cents (2016: HK1.6 cents) per Share to the Shareholders whose names will appear on the Register of Members on Tuesday, 5 September 2017, subject to the approval of the Shareholders at the forthcoming AGM. If the resolution for the proposed special dividend is passed at the forthcoming AGM, the proposed special dividend will be payable on or around Thursday, 14 September 2017.

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

Together with the interim dividend of HK2.0 cents per Share, and subject to the proposed final dividend and special dividend being approved by the Shareholders at the forthcoming AGM, total dividends for the year under review will amount to HK5.5 cents per Share.



Report of Directors

CLOSURE OF REGISTER OF MEMBERS

For AGM

The Register of Members will be closed from Monday, 21 August 2017 to Friday, 25 August 2017 (both days inclusive), during which period no transfer of Shares will be registered, in order to ascertain a Shareholders' entitlement to attend the forthcoming AGM, which will be held on Friday, 25 August 2017. In order to qualify to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 18 August 2017.

For dividends

The Register of Members will be closed from Friday, 1 September 2017 to Tuesday, 5 September 2017 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining a Shareholders' entitlement to receive the proposed final dividend and special dividend. In order to be eligible to receive the proposed final dividend and special dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 31 August 2017.

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 140 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2017, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to HK\$2,063,723,000 (31 March 2016: HK\$2,105,706,000). The amount of HK\$2,063,723,000 includes the Company's share premium, contributed surplus and retained profits, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, if any, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

RESERVES

Movements in the reserves of the Group during the year ended 31 March 2017 are set out in the consolidated statement of changes in equity on page 71 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment of the Group for the year ended 31 March 2017 are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital as at 31 March 2017 are set out in note 26 to the financial statements.

Report of Directors

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

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

Other than the options under the Pre-IPO Share Option Scheme granted to the grantees (the "**Grantee(s)**") on or before 7 November 2012, no further options have since been or will be granted under the Pre-IPO Share Option Scheme. The exercise price per Share 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

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

As at the date of this annual report, the Company had 26,800,054 options (2016: 26,800,054 options) outstanding under the Pre-IPO Share Option Scheme, representing approximately 1.9% (2016: 1.9%) of the issued share capital of the Company.

Report of Directors

SHARE OPTION SCHEMES (Continued)

Pre-IPO Share Option Scheme (Continued)

Details of the options granted, exercised, forfeited and cancelled under the Pre-IPO Share Option Scheme during the year ended 31 March 2017 are as follows:

Grantee(s) ⁽¹⁾	Date of grant	Exercisable period ⁽¹⁾	Exercise price	Balance as at 1 April 2016	Number of share options			Balance as at 31 March 2017
					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	13,200,027	-	-	-	13,200,027
	7 November 2012	26 November 2015 to 25 November 2017	HK\$2.27 per Share	13,600,027	-	-	-	13,600,027
				26,800,054	-	-	-	26,800,054

Notes:

- (1) Details of the share options exercisable by the Grantee are set out on page 47 of this annual report.
- (2) As at 31 March 2017, no employees of the Group (other than Mr. Lee) constituted a Grantee under the Pre-IPO Share Option Scheme.

Share Option Scheme

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

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



Report of Directors

SHARE OPTION SCHEMES *(Continued)*

Share Option Scheme *(Continued)*

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

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

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

Since the Listing Date and during the year ended 31 March 2017, 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.



Report of Directors

DIRECTORS

The Directors who held office during the year ended 31 March 2017 and up to the date of this annual report are:

Executive Directors

Mr. Lee Yuen Hong (*Chairman*)
Mr. Cheung Yu To
Mr. Cheung Yue Pui (retired on 26 August 2016)
Mr. Lee Tsz Kin Kenji (appointed on 1 November 2016)

NEDs:

Mr. Ho Ting Chi (retired on 26 August 2016)
Mr. Cheng Chung Fan (appointed on 1 November 2016)
Mr. Cheng Yu Sang (appointed on 1 November 2016)
Mr. Wong Chi Kin (ceased as an INED and re-designated as a NED on 1 November 2016)

INEDs:

Mr. Goh Choo Hwee
Mr. Tang Man Tsz (appointed on 1 November 2016)
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 AGM. In addition, code provision A.4.2 of the CG Code stipulates that each Director shall retire from office by rotation at least once every three years.

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

Accordingly, Mr. Lee Yuen Hong, Mr. Lee Tsz Kin Kenji, Mr. Cheng Chung Fan, Mr. Cheng Yu Sang, Mr. Tang Man Tsz and Mr. Yim Kwok Man will retire by rotation and are eligible to offer themselves for re-election at the forthcoming AGM to be held on Friday, 25 August 2017.

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 16 to 19 of this annual report.

Report of Directors

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

As at 31 March 2017, 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 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

Name of Directors	Nature of interest	Number of Shares	Number of Shares subject to options granted under the Pre-IPO Share Option Scheme	Total	Approximate percentage ⁽³⁾
Mr. Lee ⁽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	64.18%
Mr. Cheung Yu To ⁽¹⁾	Interests held jointly with another person; interest in a controlled corporation	878,956,000 (L)	–	905,756,054 ⁽²⁾	64.18%
Mr. Lee Tsz Kin Kenji	Beneficial interest	136,000 (L)	–	136,000	0.01%

(L) denotes long position

Notes:

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

Each of Mr. Lee, Mr. Ho 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, 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.

- (2) 905,756,054 Shares consist of 878,956,000 Shares and 26,800,054 underlying Shares comprised in the share options. The 26,800,054 share options were granted under the Pre-IPO Share Option Scheme to Mr. Lee 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.

- (3) These percentages are calculated on the basis of 1,411,226,450 Shares in issue as at 31 March 2017.

Report of Directors

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

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

Name of Directors	Nature of interest	Approximate percentage
Mr. Lee ⁽¹⁾	Beneficial interest	49.90%
Mr. Cheung Yu To ⁽¹⁾	Beneficial interest	13.98%

Note:

- (1) Mr. Lee and Mr. Cheung Yu To were the directors of Cui Fa Limited. Under the SFO, each of Mr. Lee and Mr. Cheung Yu To is deemed to be interested in the same number of Shares in which Cui Fa Limited is interested or is deemed to be interested.

Save as disclosed above, as at 31 March 2017, none of the Directors, chief executive of the Company or their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Schemes" in this report, at no time during the year ended 31 March 2017 was the Company or any of its subsidiaries a party to any arrangements which enable the Directors and the chief executives of the Company to acquire benefits by means of an acquisition of shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the year under review.

Report of Directors

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

As at 31 March 2017, so far as the Directors or chief executive of the Company are aware, the following corporation and persons other than a Director or chief executive of the Company had an interest or a short position in the Shares and underlying Shares which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Shareholders	Capacity	Number of Shares	Approximate percentage ⁽⁸⁾
Ms. Chan Choi Fung ⁽¹⁾	Interest of spouse	905,756,054 (L)	64.18%
Mr. Ho Ting Chi ⁽²⁾	Interests held jointly with another person; interest in a controlled corporation	905,756,054 (L)	64.18%
Mr. Cheung Yue Pui ⁽²⁾	Interests held jointly with another person; interest in a controlled corporation	905,756,054 (L)	64.18%
Mr. Cheung Wai Keung ⁽²⁾	Interests held jointly with another person; interest in a controlled corporation	905,756,054 (L)	64.18%
Ms. Woo Chun Li ⁽³⁾	Interest of spouse	905,756,054 (L)	64.18%
Ms. Tai Ngan Har Talia ⁽⁴⁾	Interest of spouse	905,756,054 (L)	64.18%
Ms. Lam Hiu Man ⁽⁵⁾	Interest of spouse	905,756,054 (L)	64.18%
Ms. Lui Ning ⁽⁶⁾	Interest of spouse	905,756,054 (L)	64.18%
Cui Fa Limited ⁽⁷⁾	Beneficial owner	770,092,000 (L)	54.57%

(L) denotes long position



Report of Directors

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

Notes:

- (1) Ms. Chan Choi Fung is the wife of Mr. Lee. Under the SFO, Ms. Chan Choi Fung is deemed to be interested in the same number of Shares in which Mr. Lee is interested or is deemed to be interested.
- (2) Pursuant to the Deed of Confirmation, Mr. Lee, Mr. Ho 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 in accordance with the unanimous consent of all of them. Each of Mr. Lee, 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, 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.
- (3) Ms. Woo Chun Li is the wife of Mr. Cheung Wai Keung. Under the SFO, Ms. Woo Chun Li is deemed to be interested in the same number of Shares in which Mr. Cheung Wai Keung is interested or is deemed to be interested.
- (4) Ms. Tai Ngan Har Talia is the wife of Mr. Ho Ting Chi. Under the SFO, Ms. Tai Ngan Har Talia is deemed to be interested in the same number of Shares in which Mr. Ho Ting Chi is interested or is deemed to be interested.
- (5) Ms. Lam Hiu Man is the wife of Mr. Cheung Yue Pui. Under the SFO, Ms. Lam Hiu Man is deemed to be interested in the same number of Shares in which Mr. Cheung Yue Pui is interested or is deemed to be interested.
- (6) Ms. Lui Ning is the wife of Mr. Cheung Yu To. Under the SFO, Ms. Lui Ning is deemed to be interested in the same number of Shares in which Mr. Cheung Yu To is interested or is deemed to be interested.
- (7) As at 31 March 2017, Cui Fa Limited was held as to approximately 49.90%, 36.12% and 13.98% by Mr. Lee, Mr. Ho Ting Chi and Mr. Cheung Yu To, respectively.
- (8) These percentages are calculated on the basis of 1,411,226,450 Shares in issue as at 31 March 2017.

Save as disclosed herein, as at 31 March 2017, so far as the Directors or chief executive of the Company are aware there was no other corporation/person 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 or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

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

Save as disclosed on pages 57 to 60 of this annual report and note 34 to the financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries or associates was a party and in which any Director or controlling Shareholder had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

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



Report of Directors

DIRECTORS' SERVICE CONTRACTS *(Continued)*

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

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

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

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

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person engaged under the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2017.

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 2017, the Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

PRE-EMPTIVE RIGHTS

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

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Schemes" in this report, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year ended 31 March 2017 or existed at the end of such year.



Report of Directors

PERMITTED INDEMNITY PROVISION

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2017, 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 10.4%, 6.5%, 5.8%, 4.6% and 4.5%, respectively.

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient public float for the issued Shares as required under the Listing Rules.

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 2017 and up to the date of this annual report.

Report of Directors

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

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

Property lease agreements

Des Voeux Road Central Tsui Wah Restaurant

On 27 March 2015, Joy Express Limited (as landlord) and Tsui Wah Catering Limited, an indirect wholly-owned subsidiary of the Company (as tenant) entered into a lease agreement (the "**Lease Agreement A**") in respect of the premises of a total saleable floor area of approximately 502.7 sq.m. located at G/F and the basement, Cheong K. Building, 84–86 Des Voeux Road Central, Central, Hong Kong (the "**Des Voeux Road Premises**"). Pursuant to the Lease Agreement A, the lease is for a term effective from 1 April 2015 to 31 March 2018. The annual rent for each of the years ended 31 March 2016 and 31 March 2017 and ending 31 March 2018 was/is HK\$13,980,000. The annual caps for the rent payable by Tsui Wah Catering Limited to Joy Express Limited in respect of the Des Voeux Road Premises for each of the three years ended 31 March 2016 and 31 March 2017 and ending 31 March 2018 were/is HK\$13,980,000.

During the year ended 31 March 2017, the aggregate rent paid by Tsui Wah Catering Limited to Joy Express Limited was HK\$13,591,667.

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, Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Yue Pui and Mr. Cheung Wai Keung, respectively, some of whom are the Directors or were the Directors in the last 12 months, and Joy Express Limited is, therefore, an associate of a connected person of the Company under the Listing Rules.

Aberdeen Tsui Wah Restaurant

On 27 March 2015, Champion Stage Limited (as landlord) and Royal Gold International Limited, an indirect wholly-owned subsidiary of the Company (as tenant) entered into a lease agreement (the "**Lease Agreement B**") in respect of the premises of a total saleable floor area of approximately 344.76 sq.m. located at Shops 1, 2, 3 and 10 on Lower Ground Floor, Comfort Centre, No. 108 Old Main Street Aberdeen and No. 18 Yue Fai Road, Hong Kong (the "**Aberdeen Premises**"). Pursuant to the Lease Agreement B, the lease is for a term effective from 1 April 2015 to 31 March 2018. The annual rent for each of the years ended 31 March 2016 and 31 March 2017 and ending 31 March 2018 was/is HK\$2,340,000. The annual caps for the rent payable by Royal Gold International Limited to Champion Stage Limited in respect of the Aberdeen Premises for each of the three years ended 31 March 2016 and 31 March 2017 and ending 31 March 2018 were/is HK\$2,340,000.

During the year ended 31 March 2017, the aggregate rent paid by Royal Gold International Limited to Champion Stage Limited was HK\$2,275,000.

Champion Stage Limited is owned as to 50%, 37.5% and 12.5% by Mr. Lee, Mr. Ho Ting Chi and Mr. Cheung Yu To, respectively, all of whom are the Directors or was a Director in the last 12 months, and Champion Stage Limited is, therefore, an associate of a connected person of the Company under the Listing Rules.

Report of Directors

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

(Continued)

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

Property lease agreements (Continued)

Hung To Road Tsui Wah Restaurant and Catering Services Centre

On 27 March 2015, Success Path Limited (as landlord) and Richberg Development Limited, an indirect wholly-owned subsidiary of the Company (as tenant) entered into a lease agreement (the **"Lease Agreement C"**) in respect of the premises of a total saleable floor area of approximately 834.73 sq.m. located at G/F, 1/F and 2/F, Tsui Wah Group Centre, 50 Lai Yip Street, Ngau Tau Kok, Kowloon, Hong Kong (the **"Hung To Road Premises"**). Pursuant to the Lease Agreement C, the lease is for a term effective from 1 April 2015 to 31 March 2018. The annual rent for each of the years ended 31 March 2016 and 31 March 2017 and ending 31 March 2018 was/is HK\$3,300,000. The annual caps for the rent payable by Richberg Development Limited to Success Path Limited in respect of the Hung To Road Premises for each of the three years ended 31 March 2016 and 31 March 2017 and ending 31 March 2018 were/is HK\$3,300,000.

During the year ended 31 March 2017, the aggregate rent paid by Richberg Development Limited to Success Path Limited was HK\$3,208,333.

Success Path Limited is owned as to 40%, 30%, 10%, 10% and 10% by Mr. Lee, Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Yue Pui and Mr. Cheung Wai Keung, respectively, some of whom are the Directors or were the Directors in the last 12 months, and Success Path Limited is, therefore, an associate of a connected person of the Company under the Listing Rules.

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 Company, on 26 September 2014 (the **"Hart Avenue 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 (the **"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 ended 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. The original calendar monthly rent under the Hart Avenue Lease Agreement was HK\$303,000.

On 26 August 2015, Cheermax Limited (as landlord) and Excellent Lead Limited (as tenant) entered into a supplemental lease agreement in relation to the leasing of the Hart Avenue Premises (the **"Supplemental Lease Agreement"**). Pursuant to the Supplemental Lease Agreement, with effect from 1 September 2015 to 31 August 2016 (the **"Period of Reduced Rent"**), the calendar monthly rent shall be HK\$203,000. After the Period of Reduced Rent, Cheermax Limited shall have the right to adjust the calendar monthly rent; however, such calendar monthly rent shall not exceed the original calendar monthly rent of HK\$303,000.

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



Report of Directors

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

(Continued)

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

Property lease agreements *(Continued)*

Hart Avenue Tsui Wah Restaurant (Continued)

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

During the year ended 31 March 2017, the aggregate rent paid by Excellent Lead Limited to Cheermax Limited was HK\$79,822. As disclosed in the announcement of the Company dated 22 June 2016, Excellent Lead Limited entered into a termination agreement with Cheermax Limited to terminate the Hart Avenue Lease Agreement (as amended by a supplemental letter dated 21 October 2014 and the Supplemental Lease Agreement) with effect from 30 September 2016 or earlier as notified by Cheermax Limited with prior written notice served to Excellent Lead Limited.

Confirmations from the INEDs and the Independent Auditor

Pursuant to rule 14A.55 of the Listing Rules, the INEDs have reviewed the continuing connected transactions for the year ended 31 March 2017 and confirmed that the transactions had been entered into:

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

The Independent Auditor were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The Independent Auditor 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.56 of the Listing Rules. A copy of the Independent Auditor's 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 had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.



Report of Directors

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

(Continued)

(B) Related Party Transactions

Details of significant related party transactions undertaken in the normal course of business of the Group are provided under note 34 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.

USE OF PROCEEDS FROM THE LISTING

The issued Shares were initially listed on 26 November 2012 on the Stock Exchange. The total net proceeds from the Listing which involved the issue of 383,334,000 Shares of HK\$0.01 each of the Company amounted to approximately HK\$794.4 million. During the year ended 31 March 2017, the net proceeds from the Listing were utilised in accordance with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 14 November 2012 (the “**Prospectus**”). The balance of such proceeds would be utilised according to the use as disclosed in the Prospectus. Details of the use of net proceeds are set out on page 13 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 2017, charitable donations of HK\$90,088 were made by the Group (31 March 2016: HK\$247,994).

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with senior management and discussed the auditing, internal control and financial reporting matters, including the review of the draft audited financial statements of the Group for the year ended 31 March 2017. The financial statements for the year ended 31 March 2017 have been audited by the Independent Auditor.

CORPORATE GOVERNANCE

The principal corporate governance practices as adopted by the Company are set out in the “Corporate Governance Report” on pages 20 to 34 of this annual report.



Report of Directors

INDEPENDENT AUDITOR

Ernst & Young, the Independent Auditor, will retire at the conclusion of the forthcoming AGM and being eligible, offer itself for re-appointment. A resolution will be submitted to the forthcoming AGM to be held on Friday, 25 August 2017 to seek Shareholders' approval on the appointment of Ernst & Young as the Independent Auditor until the conclusion of the next AGM and to authorise the Board to fix their remuneration.

By order of the Board

Lee Yuen Hong

Chairman

Hong Kong, 28 June 2017

Independent Auditor's Report



To the shareholders of Tsui Wah Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Tsui Wah Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 67 to 139, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Independent Auditor's Report

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

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>Property, plant and equipment impairment assessment</p> <p>For any loss-making restaurant, there is an indication that its assets may be impaired. Accordingly, management had prepared cash flow projections for the respective restaurants. The impairment assessment of property, plant and equipment is significant to our audit due to the magnitude of the net carrying amount of HK\$603,690,000 as at 31 March 2017 and the determination of recoverable amounts of the Group's property, plant and equipment is dependent on a range of estimates such as estimated future cash flows, discount rates and interest rates, etc., which are subjective and involved significant management judgement and estimates.</p> <p>The significant accounting judgements and estimates and disclosure of impairment of property, plant and equipment are included in notes 3.2 and 13 to the consolidated financial statements.</p>	<p>Our audit procedures included, inter alia, evaluating the Group's policies and procedures in identifying impairment indicators and assessing management's significant assumptions adopted, in particular those relating to the cash flow forecasts by reviewing the Group's business plan, comparing with market discount rate and inflation rate and evaluating the growth rate by checking to market data such as forecasted number of tourists. Besides, our procedures also included a comparison of the cash flow forecasts with historical data of the Group. Furthermore, we assessed the adequacy of the disclosures on the impairment of property, plant and equipment.</p>
<p>Recognition of deferred tax assets</p> <p>As at 31 March 2017, deferred tax assets recognised by the Group amounted to HK\$18,950,000. At the end of the reporting period, the tax impact of unrecognised tax losses in Hong Kong and Mainland China at applicable tax rates at 31 March 2017 were approximately HK\$18,198,000 and HK\$7,345,000, respectively. Significant management judgement is involved to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits generated by the respective companies in the Group.</p> <p>The significant accounting judgements and estimates and disclosures of the recognition of deferred tax assets are included in notes 3.2 and 25 to the consolidated financial statements.</p>	<p>Our audit procedures included, among others, reviewing of profit forecasts and the Group's latest tax strategies and strategic business plan to ascertain if sufficient taxable profits could be generated in the future to utilise the tax losses. We discussed with management and assessed the profit forecasts and the business plan by comparing the key assumptions such as growth rate to market data such as tourists growth rate and historical data such as gross profit margins and key operating costs.</p>



Independent Auditor's Report

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

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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



Independent Auditor's Report

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

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

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

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

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

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



Independent Auditor's Report

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

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

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

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

Ernst & Young

Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
28 June 2017

Consolidated Statement of Profit or Loss

Year ended 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
REVENUE	5	1,845,405	1,867,646
Other income	5	15,277	18,612
Cost of inventories sold		(526,656)	(536,815)
Staff costs		(531,072)	(533,503)
Depreciation and amortisation		(110,628)	(116,997)
Property rentals and related expenses		(315,279)	(311,541)
Fuel and utility expenses		(90,429)	(92,861)
Selling and distribution expenses		(30,761)	(24,757)
Other operating expenses		(158,211)	(162,650)
Other expenses	7	–	(27,777)
Finance costs	6	(1,559)	(1,614)
Equity-settled share option expense	27	–	(1,862)
Share of profits of joint ventures	16	31,893	33,752
PROFIT BEFORE TAX	7	127,980	109,633
Income tax expense	10	(37,282)	(37,162)
PROFIT FOR THE YEAR		90,698	72,471
Attributable to:			
Owners of the Company		90,483	71,675
Non-controlling interests		215	796
		90,698	72,471
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic		HK6.41 cents	HK5.07 cents
Diluted		HK6.41 cents	HK5.07 cents

Consolidated Statement of Comprehensive Income

Year ended 31 March 2017

	2017 HK\$'000	2016 HK\$'000
PROFIT FOR THE YEAR	90,698	72,471
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(28,914)	(22,234)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	61,784	50,237
Attributable to:		
Owners of the Company	61,569	49,441
Non-controlling interests	215	796
	61,784	50,237

Consolidated Statement of Financial Position

31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	603,690	644,131
Prepaid land lease payments	14	67,595	73,753
Intangible assets	15	5,501	2,286
Investments in joint ventures	16	64,497	41,373
Prepayments for purchase of property, plant and equipment and intangible assets		35,377	12,844
Non-current rental deposits	19	49,052	61,271
Deferred tax assets	25	18,950	23,444
Total non-current assets		844,662	859,102
CURRENT ASSETS			
Inventories	17	18,312	22,833
Trade receivables	18	7,641	6,879
Prepayments, deposits and other receivables	19	98,352	65,386
Tax recoverable		9,048	–
Pledged time deposits	20	8,098	3,591
Cash and cash equivalents	20	496,604	547,231
Total current assets		638,055	645,920
CURRENT LIABILITIES			
Trade payables	21	77,044	76,018
Other payables and accruals	22	151,303	178,795
Interest-bearing bank borrowings	23	71,485	76,673
Finance lease payables	24	–	135
Tax payable		4,200	1,898
Total current liabilities		304,032	333,519
NET CURRENT ASSETS		334,023	312,401
TOTAL ASSETS LESS CURRENT LIABILITIES		1,178,685	1,171,503
NON-CURRENT LIABILITIES			
Other payable and accruals	22	17,294	–
Deferred tax liabilities	25	1,083	1,006
Total non-current liabilities		18,377	1,006
Net assets		1,160,308	1,170,497

Consolidated Statement of Financial Position

31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	26	14,112	14,112
Reserves	28	1,144,901	1,155,305
		1,159,013	1,169,417
Non-controlling interests		1,295	1,080
Total equity		1,160,308	1,170,497

Lee Yuen Hong
Director

Cheung Yu To
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2017

	Notes	Attributable to owners of the Company							Non-controlling interests	Total equity	
		Issued capital	Share premium account	Share option reserve	Statutory reserve	Merger reserve	Exchange fluctuation reserve	Retained profits			
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2015		14,125	856,303	14,782	10,367	(8,434)	(4,619)	349,398	1,231,922	284	1,232,206
Profit for the year		-	-	-	-	-	-	71,675	71,675	796	72,471
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations		-	-	-	-	-	(22,234)	-	(22,234)	-	(22,234)
Total comprehensive income for the year		-	-	-	-	-	(22,234)	71,675	49,441	796	50,237
2015 final dividend		-	-	-	-	-	-	(84,832)	(84,832)	-	(84,832)
2016 interim dividend	11	-	-	-	-	-	-	(28,277)	(28,277)	-	(28,277)
Issuance of new shares upon exercise of share options	26(a)	13	3,348	(356)	-	-	-	-	3,005	-	3,005
Shares repurchased and cancelled	26(b)	(26)	(3,678)	-	-	-	-	-	(3,704)	-	(3,704)
Equity-settled share option arrangements	27	-	-	1,862	-	-	-	-	1,862	-	1,862
Transfer of share option reserve upon the forfeiture or expiry of share options		-	-	(6,867)	-	-	-	6,867	-	-	-
Transfer to statutory reserve		-	-	-	1,625	-	-	(1,625)	-	-	-
At 31 March 2016		14,112	855,973*	9,421*	11,992*	(8,434)*	(26,853)*	313,206*	1,169,417	1,080	1,170,497

	Note	Attributable to owners of the Company							Non-controlling interests	Total equity	
		Issued capital	Share premium account	Share option reserve	Statutory reserve	Merger reserve	Exchange fluctuation reserve	Retained profits			
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2016		14,112	855,973	9,421	11,992	(8,434)	(26,853)	313,206	1,169,417	1,080	1,170,497
Profit for the year		-	-	-	-	-	-	90,483	90,483	215	90,698
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations		-	-	-	-	-	(28,914)	-	(28,914)	-	(28,914)
Total comprehensive income for the year		-	-	-	-	-	(28,914)	90,483	61,569	215	61,784
2016 special dividend	11	-	-	-	-	-	-	(22,580)	(22,580)	-	(22,580)
2016 final dividend	11	-	-	-	-	-	-	(21,168)	(21,168)	-	(21,168)
2017 interim dividend	11	-	-	-	-	-	-	(28,225)	(28,225)	-	(28,225)
Transfer to statutory reserve		-	-	-	3,820	-	-	(3,820)	-	-	-
At 31 March 2017		14,112	855,973*	9,421*	15,812*	(8,434)*	(55,767)*	327,896*	1,159,013	1,295	1,160,308

* These reserve accounts comprise the consolidated reserves of HK\$1,144,901,000 (2016: HK\$1,155,305,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		127,980	109,633
Adjustments for:			
Bank interest income	5	(3,292)	(6,469)
Share of profits of joint ventures		(31,893)	(33,752)
Depreciation	7	107,165	114,275
Amortisation of land lease payments	7	1,962	2,074
Amortisation of intangible assets	7	1,501	648
Write-off of items of property, plant and equipment	7	448	4,768
Impairment of items of property, plant and equipment	7	–	27,777
Write-off of prepayments, deposits and other receivables	7	3,479	–
Finance costs	6	1,559	1,614
Equity-settled share option expense	27	–	1,862
		208,909	222,430
Decrease in inventories		4,521	583
Increase in trade receivables		(762)	(814)
Increase in prepayments, deposits and other receivables		(24,344)	(16,833)
Increase/(decrease) in trade payables		1,026	(11,981)
Increase/(decrease) in other payables and accruals		(10,198)	27,188
Cash generated from operations		179,152	220,573
Interest received		3,292	6,469
Interest paid		(1,559)	(1,614)
Hong Kong profits tax paid		(24,085)	(33,571)
PRC tax paid		(15,913)	(16,515)
Net cash flows from operating activities		140,887	175,342
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets and items of property, plant and equipment	29	(110,283)	(167,610)
Dividends received from joint ventures		8,796	47,559
Decrease in pledged time deposits with original maturity of three months or less than three months		–	1,803
Increase in pledged time deposits with original maturity of more than three months		(4,507)	(3,591)
Decrease in non-pledged time deposits with original maturity of more than three months when acquired		444	20,129
Net cash flows used in investing activities		(105,550)	(101,710)

Consolidated Statement of Cash Flows

Year ended 31 March 2017

	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		(5,188)	(5,111)
Capital element of finance lease rental payments		(135)	(447)
Dividends paid		(71,973)	(113,109)
Proceeds from issue of shares	26	–	3,005
Shares repurchased	26	–	(3,704)
Net cash flows used in financing activities		(77,296)	(119,366)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		546,787	600,064
Effect of foreign exchange rate changes, net		(8,224)	(7,543)
CASH AND CASH EQUIVALENTS AT END OF YEAR		496,604	546,787
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	365,298	401,174
Non-pledged time deposits	20	131,306	146,057
Cash and cash equivalents as stated in the consolidated statement of financial position		496,604	547,231
Non-pledged time deposits with original maturity of more than three months when acquired		–	(444)
Cash and cash equivalents as stated in the consolidated statement of cash flows		496,604	546,787

Notes to Financial Statements

31 March 2017

1. CORPORATE AND GROUP INFORMATION

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

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

Information about subsidiaries

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

Company name	Place of incorporation/ registration and business	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
Sky Oasis (HK) Limited 天澤 (香港) 有限公司	Hong Kong	HK\$8	–	100	Restaurant operation

Notes to Financial Statements

31 March 2017

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

Notes to Financial Statements

31 March 2017

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

Notes to Financial Statements

31 March 2017

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	
Shanghai Hongkou Cui Sheng Restaurants Company Limited ^{***@} 上海虹口翠盛餐飲有限公司	PRC	RMB2,000,000	–	100	Restaurant operation
Shanghai Pudong Cui Sheng Restaurants Company Limited ^{***@} 上海浦東翠盛餐飲有限公司	PRC	RMB2,000,000	–	100	Restaurant operation
Hangzhou Cui Sheng Restaurants Management Company Limited ^{***@} 杭州翠盛餐飲管理有限公司	PRC	RMB2,000,000	–	100	Restaurant operation
Nanjing Cui Sheng Restaurants Management Company Limited ^{***@} 南京翠盛餐飲管理有限公司	PRC	RMB2,000,000	–	100	Restaurant operation
Wuxi Cui Sheng Restaurants Management Company Limited ^{***@} 無錫翠盛餐飲管理有限公司	PRC	RMB2,000,000	–	100	Restaurant operation
Guangzhou Cai Hua Restaurants Company Limited ^{**@} 廣州采華餐飲有限公司	PRC	RMB50,000,000	–	100	Restaurant operation
Shanghai He Fa Restaurants Company Limited ^{**@} 上海合發餐飲有限公司	PRC	RMB52,000,000	–	100	Food factory
Enrich Sources Limited 彩沃有限公司	Hong Kong	HK\$10,000	–	100	Property holding
Corporate Winner Limited 洲永有限公司	Hong Kong	HK\$10,000	–	100	Property holding
Shanghai Cai Hua Food Co., Ltd. ^{***@} 上海采華食品有限公司	PRC	RMB1,000,000	–	100	Food factory
Marvellous Mark Limited 潤贊有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation

Notes to Financial Statements

31 March 2017

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	
Good Core Limited 心園有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Green Skytop Limited 天翠有限公司	Hong Kong	HK\$10,000	–	75	Catering service
Time Great Limited 騰嶺有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Excellent Lead Limited 優領有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Mark Lucky Limited 曼新有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Key Decision Limited 智心有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Prospect Green Limited 興翠有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Solar Queen Limited 美憶有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation
Wholly Win Limited 加賀有限公司	Hong Kong	HK\$10,000	–	100	Restaurant operation

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

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

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

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

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

Notes to Financial Statements

31 March 2017

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2017. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

Notes to Financial Statements

31 March 2017

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs

Other than as explained below regarding the impact of amendments to HKAS 1, amendments to HKAS 16 and HKAS 38, and certain amendments included in the *Annual Improvement to 2012–2014 Cycle*, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

- (a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:
- (i) the materiality requirements in HKAS 1;
 - (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
 - (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
 - (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.



Notes to Financial Statements

31 March 2017

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

- (b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.
- (c) *Annual Improvements to 2012–2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:
- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

Notes to Financial Statements

31 March 2017

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> ²
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
HKFRS 16	<i>Leases</i> ³
HK (IFRIC) Interpretation 22	<i>Foreign Currency Transaction and Advance Consideration</i> ²
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ²
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i> ²
Amendments to HKAS 7	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> ¹
Amendments to HKAS 40	<i>Transfers of Investment Property</i> ²
Amendments to HKFRS 12 included in <i>Annual Improvements 2014–2016 Cycle</i>	<i>Disclosure of Interests in Other Entities</i> ¹
Amendments to HKFRS 1 included in <i>Annual Improvements 2014–2016 Cycle</i>	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i> ²
Amendments to HKFRS 28 included in <i>Annual Improvements 2014–2016 Cycle</i>	<i>Investments in Associates and Joint Ventures</i> ²

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

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ No mandatory effective date yet determined but available for adoption

Notes to Financial Statements

31 March 2017

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

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address what diversity in practice in three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 April 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

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



Notes to Financial Statements

31 March 2017

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

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 April 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 April 2017.

Notes to Financial Statements

31 March 2017

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

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 April 2017.

Amendments to HKAS 40 clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The Group expects to adopt the amendments from 1 April 2018.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in joint ventures

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

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

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

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

Notes to Financial Statements

31 March 2017

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

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

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

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

Related parties

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

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

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;

Notes to Financial Statements

31 March 2017

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) *(Continued)*

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Notes to Financial Statements

31 March 2017

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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

Leasehold land under finance leases	Over the lease terms
Buildings	2% to 3.3%
Leasehold improvements	12.5% to 50% (2016: 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%

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.

The Group revised the estimated useful lives for leasehold improvements. In the opinion of the directors, the revised estimates can reflect the estimated useful life of the property, plant and equipment more accurately. The effect of that change in accounting estimate for the current year was a decrease in depreciation and an increase in profit after tax of HK\$9,349,000.

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.



Notes to Financial Statements

31 March 2017

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, 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.

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.

Notes to Financial Statements

31 March 2017

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

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.

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.



Notes to Financial Statements

31 March 2017

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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



Notes to Financial Statements

31 March 2017

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

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

Loans and borrowings

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

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 2017

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

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

Income tax

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

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

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

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

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

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.

Notes to Financial Statements

31 March 2017

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if 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 2017

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

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

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

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

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

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



Notes to Financial Statements

31 March 2017

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.

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

Foreign currencies

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

Notes to Financial Statements

31 March 2017

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 2017

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 2017 was HK\$139,671,000 (2016: HK\$115,620,000). Further details are contained in note 25 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

In the prior year, an impairment loss of HK\$27,777,000 was recognised for certain property, plant and equipment because management determined that the carrying amounts of certain property, plant and equipment of several restaurants could not be recovered by the end of the respective lease periods. Further details are given in note 13 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 assets information as at 31 March 2017, by geographical area.

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31 March 2017

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(a) Revenue from external customers

	2017 HK\$'000	2016 HK\$'000
Hong Kong [#]	1,247,390	1,308,694
Mainland China	579,262	543,491
Others ^{##}	18,753	15,461
	1,845,405	1,867,646

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

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

[#] Revenue from external customers located in Hong Kong includes revenue derived from the sale of food to a joint venture of the Group amounting to approximately HK\$8,937,000 (2016: approximately HK\$7,614,000).

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

(b) Non-current assets

	2017 HK\$'000	2016 HK\$'000
Hong Kong	347,622	371,026
Mainland China	375,140	371,745
Others	53,898	31,616
	776,660	774,387

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

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31 March 2017

5. REVENUE AND OTHER INCOME

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 and other income is as follows:

	2017 HK\$'000	2016 HK\$'000
Revenue		
Restaurant operations	1,817,715	1,844,571
Sale of food	27,690	23,075
	1,845,405	1,867,646
Other income		
Bank interest income	3,292	6,469
Rental income	3,370	1,740
Government grants (<i>note</i>)	5,693	6,201
Others	2,922	4,202
	15,277	18,612

Note:

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

6. FINANCE COSTS

	2017 HK\$'000	2016 HK\$'000
Interest on bank loans	1,556	1,592
Interest on finance leases	3	22
	1,559	1,614

Notes to Financial Statements

31 March 2017

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
Cost of inventories sold		526,656	536,815
Depreciation	13	107,165	114,275
Amortisation of land lease payments	14	1,962	2,074
Amortisation of intangible assets	15	1,501	648
Minimum lease payments under operating leases		244,722	239,225
Contingent rents under operating leases		33,988	35,644
		278,710	274,869
Employee benefit expenses (excluding directors' and chief executive's remuneration (<i>note 8</i>)):			
Wages and salaries		475,610	479,281
Retirement benefit scheme contributions		45,357	44,725
		520,967	524,006
Auditor's remuneration		2,530	2,613
Write-off of items of property, plant and equipment	13	448	4,768
Impairment of items of property, plant and equipment*	13	–	27,777
Write-off of prepayments, deposits and other receivables	19	3,479	–
Foreign exchange differences, net		2,994	10,134

* The impairment of items of property, plant and equipment was included in "Other expenses" in the consolidated statement of profit or loss.

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2017 HK\$'000	2016 HK\$'000
Fees	1,878	675
Other emoluments:		
Salaries, allowances and benefits in kind	7,150	6,880
Performance related bonus [@]	1,000	–
Equity-settled share option expense	–	1,862
Pension scheme contributions	77	80
	10,105	9,497

[@] The chief executive of the Company is entitled to bonus payment which are determined with reference to the performance of the Group.

During the prior years, a director and the chief executive were granted share options in respect of their services to the Group, under the Pre-IPO share option scheme of the Company, further details of which are set out in note 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:

	2017 HK\$'000	2016 HK\$'000
Mr. Yim Kwok Man	320	180
Mr. Wong Chi Kin [#]	245	180
Mr. Goh Choo Hwee	320	180
Mr. Tang Man Tsz [*]	75	–
	960	540

There were no other emoluments payable to the independent non-executive directors during the year (2016: Nil).

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

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

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

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

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

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

[^] Resigned as the executive director with effect from 26 August 2016.

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

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

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

Notes to Financial Statements

31 March 2017

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

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

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Equity-settled share option expense HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Year ended 31 March 2016					
Executive directors:					
Mr. Lee Yuen Hong	–	1,440	1,236	18	2,694
Mr. Ho Ting Chi [®]	–	1,440	–	18	1,458
Mr. Cheung Yu To	–	1,440	–	18	1,458
Mr. Cheung Yue Pui	–	1,440	–	18	1,458
	–	5,760	1,236	72	7,068
Non-executive director:					
Mr. Cheung Wai Keung [^]	135	–	–	7	142
Chief executive:					
Mr. Lock Kwok On [#]	–	1,120	626	1	1,747
	135	6,880	1,862	80	8,957

[®] Appointed as the chief executive officer on 1 May 2015 and resigned as the chief executive officer and re-designated from an executive director to a non-executive director with effect from 1 June 2016.

[^] Resigned as the non-executive director with effect from 31 December 2015.

[#] Resigned as the chief executive officer on 1 May 2015.

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

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors and the chief executive (2016: three directors and the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2016: one) highest paid employees for the year who are neither a director nor chief executive of the Company are as follows:

	2017 HK\$'000	2016 HK\$'000
Salaries, allowances and benefits in kind	3,103	1,657
Pension scheme contributions	36	18
	3,139	1,675

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

	2017	2016
Nil to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	1	1
	2	1

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 employee's remuneration disclosures.

Notes to Financial Statements

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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% (2016: 16.5%) during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	2017 HK\$'000	2016 HK\$'000
Current — Hong Kong		
Charge for the year	16,548	24,751
Under/(over)provision in prior years	1,471	(379)
Current — Elsewhere		
Charge for the year	14,231	18,585
Underprovision in prior years	1,002	—
Deferred tax (note 25)	4,030	(5,795)
Total tax charge for the year	37,282	37,162

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

Notes to Financial Statements

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10. INCOME TAX EXPENSE (Continued)

	Hong Kong		Year ended 31 March 2016		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before tax	78,337		31,296		109,633	
Tax at the statutory tax rates	12,926	16.5	7,824	25.0	20,750	18.9
Adjustment in respect of current tax of previous periods	(379)	(0.5)	–	–	(379)	(0.3)
Income not subject to tax	(824)	(1.0)	(508)	(1.6)	(1,332)	(1.2)
Expenses not deductible for tax	6,462	8.2	4,547	14.5	11,009	10.0
Tax losses not recognised/utilised from previous periods	9,634	12.3	3,049	9.7	12,683	11.6
Profits attributable to joint ventures	(5,569)	(7.1)	–	–	(5,569)	(5.1)
Tax charge at the Group's effective rates	22,250	28.4	14,912	47.6	37,162	33.9

The share of tax attributable to joint ventures amounting to HK\$4,748,000 (2016: HK\$4,755,000) for the year ended 31 March 2017 is included in "Share of profits of joint ventures" in the consolidated statement of profit or loss.

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11. DIVIDENDS

	2017 HK\$'000	2016 HK\$'000
Interim — HK2.0 cents (2016: HK2.0 cents) per ordinary share	28,225	28,277
Final dividend proposed after the end of the reporting period — HK1.5 cents (2016: HK1.5 cents) per ordinary share	21,168	21,168
Special dividend proposed after the end of the reporting period — HK2.0 cents (2016: HK1.6 cents) per ordinary share	28,225	22,580
	77,618	72,025

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

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 2017 is based on the profit for the year of HK\$90,483,000 (2016: HK\$71,675,000) attributable to ordinary equity holders of the Company and the weighted average number of 1,411,226,450 ordinary shares (2016: 1,413,511,450) in issue.

The calculation of the diluted earnings per share amount for the year ended 31 March 2017 is based on the profit for the year of HK\$90,483,000 (2016: HK\$71,675,000) attributable to ordinary equity holders of the Company and the weighted average number of 1,411,246,904 ordinary shares (2016: 1,413,531,904) in issue during the year, as used in the basic earnings per share calculation.

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

Notes to Financial Statements

31 March 2017

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 2016							
At 1 April 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
At 1 April 2015, net of accumulated depreciation	264,367	155,324	37,702	81,379	1,666	102,806	643,244
Additions	9,941	69,138	16,790	41,110	1,986	20,052	159,017
Write-off	-	(1,395)	(206)	(3,167)	-	-	(4,768)
Impairment	-	(20,374)	(1,261)	(6,142)	-	-	(27,777)
Transfer	107,151	3,128	52	2,497	-	(112,828)	-
Depreciation provided during the year	(10,066)	(60,941)	(10,938)	(31,270)	(1,060)	-	(114,275)
Exchange realignment	(3,108)	(3,060)	(1,044)	(1,517)	(33)	(2,548)	(11,310)
At 31 March 2016, net of accumulated depreciation and impairment	368,285	141,820	41,095	82,890	2,559	7,482	644,131
At 31 March 2016:							
Cost	387,693	342,002	69,184	194,835	6,619	7,482	1,007,815
Accumulated depreciation and impairment	(19,408)	(200,182)	(28,089)	(111,945)	(4,060)	-	(363,684)
Net carrying amount	368,285	141,820	41,095	82,890	2,559	7,482	644,131

At 31 March 2017, certain of the Group's land and buildings with a net carrying amount of approximately HK\$212,710,000 (2016: HK\$220,228,000) were pledged to secure a mortgage loan granted to the Group (note 23).

Notes to Financial Statements

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13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

In the prior year, an impairment loss of HK\$27,777,000 was recognised for certain property, plant and equipment, which was estimated based on the recoverable amount of each individual restaurant cash generating unit. The recoverable amount of the restaurant cash generating unit was determined based on a value in use calculation using cash flow projections based on financial budgets covering a period of the remaining lease term plus the anticipated renewal period approved by senior management. The recoverable amount of the restaurant cash generating units being tested in aggregate was HK\$16,428,000 as at 31 March 2016. The pre-tax discount rates applied to the cash flow projections were 10.75% to 12.79% and 11.93% to 13.38% for Hong Kong and the PRC, respectively.

14. PREPAID LAND LEASE PAYMENTS

	2017 HK\$'000	2016 HK\$'000
Carrying amount at 1 April	75,795	81,231
Recognised during the year	(1,962)	(2,074)
Exchange realignment	(4,314)	(3,362)
Carrying amount at 31 March	69,519	75,795
Current portion included in prepayments, deposits and other receivables	(1,924)	(2,042)
Non-current portion	67,595	73,753

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15. INTANGIBLE ASSETS

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

	Computer software HK\$'000
31 March 2016	
Cost at 1 April 2015, net of accumulated amortisation	2,752
Additions	182
Amortisation provided during the year	(648)
At 31 March 2016	2,286
At 31 March 2016:	
Cost	3,240
Accumulated amortisation	(954)
Net carrying amount	2,286

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31 March 2017

16. INVESTMENTS IN JOINT VENTURES

	2017 HK\$'000	2016 HK\$'000
Share of net assets	64,497	41,373

Amounts due from the joint ventures included in the Group's other receivables (note 19) as at 31 March 2017 totalling HK\$10,984,000 (2016: HK\$3,753,000) were unsecured, interest-free and had no fixed terms of repayment.

Amounts due to the joint venture included in the Group's other payables (note 22) as at 31 March 2017 totalling HK\$1,831,000 (2016: HK\$2,311,000) were unsecured, interest-free and had no fixed terms of repayment.

The Group's trade receivable balances with the joint ventures as at 31 March 2017, totalling of HK\$4,144,000 (2016: HK\$3,531,000) are disclosed in note 18 to the financial statements.

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

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

The above investment is indirectly held by the Company.

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

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31 March 2017

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:

	2017 HK\$'000	2016 HK\$'000
Cash and cash equivalents	91,410	43,863
Other current assets	7,919	8,964
Total current assets	99,329	52,827
Non-current assets	26,981	14,528
Current liabilities	(49,314)	(22,189)
Net assets	76,996	45,166
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	53,898	31,616
Carrying amount of the investment	53,898	31,616
Revenue	156,783	136,655
Tax	(5,814)	(6,156)
Profit for the year	41,501	45,111
Dividend received	6,796	45,534

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

	2017 HK\$'000	2016 HK\$'000
Share of the joint venture's profit for the year	2,842	2,174
Carrying amount of the Group's investment in the joint venture	10,599	9,757

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17. INVENTORIES

	2017 HK\$'000	2016 HK\$'000
Food and beverage, and other operating items for restaurant operations	18,312	22,833

18. TRADE RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Trade receivables	7,641	6,879

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

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

	2017 HK\$'000	2016 HK\$'000
Within one month	4,699	3,833
One to two months	2,942	3,046
	7,641	6,879

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31 March 2017

18. TRADE RECEIVABLES (Continued)

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

	2017 HK\$'000	2016 HK\$'000
Neither past due nor impaired	5,449	5,070
Less than one month past due	2,192	1,809
	7,641	6,879

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

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

Included in the Group's trade receivables (note 16) were amounts due from the Group's joint ventures of HK\$4,144,000 (2016: HK\$3,531,000) as at 31 March 2017, which were repayable on credit terms similar to those offered to the major customers of the Group.

Notes to Financial Statements

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19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Prepayments	28,336	22,971
Deposits	95,017	87,453
Other receivables	13,067	12,480
Amounts due from joint ventures (note 16)	10,984	3,753
	147,404	126,657
Current portion included in prepayments, deposits and other receivables	(98,352)	(65,386)
	49,052	61,271

During the year ended 31 March 2017, there were write-off of prepayments, deposits and other receivables of HK\$3,479,000 (2016: Nil). Except for the above write-off, none of the remaining assets is either past due or impaired. Financial assets included in the above balances relate to receivables for which there was no recent history of default.

The Group has pledged time deposits, included in notes 20 and 31 to the financial statements, of HK\$8,098,000 (2016: HK\$3,591,000) to secure the Group's bank guarantee facilities in lieu of rental deposits.

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20. CASH AND CASH EQUIVALENTS

	<i>Note</i>	2017 HK\$'000	2016 HK\$'000
Time deposits		139,404	149,648
Less: Pledged time deposits with original maturity of more than three months when acquired	31	(8,098)	(3,591)
Non-pledge time deposits		131,306	146,057
Cash and bank balances		365,298	401,174
Cash and cash equivalents as stated in consolidated statement of financial position		496,604	547,231
Non pledged time deposits with original maturity of more than three months when acquired		–	(444)
Cash and cash equivalent as stated in the consolidated statement of cash flows		496,604	546,787
Cash and cash equivalents denominated in:			
HK\$		290,406	413,991
Renminbi ("RMB")		206,198	133,240
		496,604	547,231

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

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

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

Notes to Financial Statements

31 March 2017

21. TRADE PAYABLES

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

	2017 HK\$'000	2016 HK\$'000
Within one month	51,994	45,512
One to two months	25,050	30,506
	77,044	76,018

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

22. OTHER PAYABLES AND ACCRUALS

	2017 HK\$'000	2016 HK\$'000
Other payables	84,554	98,220
Amount due to a joint venture (note 16)	1,831	2,311
Accruals	82,212	78,264
	168,597	178,795
Current portion included in other payables and accruals	(151,303)	(178,795)
	17,294	–

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

Notes to Financial Statements

31 March 2017

23. INTEREST-BEARING BANK BORROWINGS

	2017			2016		
	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	71,485	HIBOR+1.75%	On demand	76,673

	2017 HK\$'000	2016 HK\$'000
Analysed into:		
Bank loans and overdrafts repayable: Within one year or on demand	71,485	76,673

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\$212,710,000 (2016: HK\$220,228,000) (note 13).

All the Group's bank loans as at 31 March 2017 containing an on-demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable on demand.

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

	2017 HK\$'000	2016 HK\$'000
Bank loans:		
Within one year	5,087	5,224
In the second year	5,197	5,338
In the third to fifth years, inclusive	16,333	16,629
Beyond five years	44,868	49,482
	71,485	76,673

Notes to Financial Statements

31 March 2017

24. FINANCE LEASE PAYABLES

In the prior year, the Group leased certain of its motor vehicles for business use. The lease was classified as finance leases and had a remaining lease term of one year.

At 31 March 2016, the Group's total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments 2016 HK\$'000	Present value of minimum lease payments 2016 HK\$'000
Amounts payable:		
Within one year	138	135
Total minimum finance lease payments	138	135
Future finance charges	(3)	
Total net finance lease payables	135	

In the prior year, all the Group's finance lease payables were denominated in Hong Kong dollars.

Notes to Financial Statements

31 March 2017

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 2015	6,776	10,850	17,626
Deferred tax credited to the consolidated statement of profit or loss during the year (note 10)	3,670	2,148	5,818
At 31 March 2016 and 1 April 2016	10,446	12,998	23,444
Deferred tax charged to the consolidated statement of profit or loss during the year (note 10)	(2,897)	(1,053)	(3,950)
Exchange realignment	(544)	–	(544)
At 31 March 2017	7,005	11,945	18,950

Deferred tax liabilities

	Others HK\$'000	Depreciation allowance in excess of related depreciation HK\$'000	Total HK\$'000
At 1 April 2015	57	926	983
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 10)	(3)	26	23
At 31 March 2016 and 1 April 2016	54	952	1,006
Deferred tax charged to the consolidated statement of profit or loss during the year (note 10)	–	80	80
Exchange realignment	(3)	–	(3)
At 31 March 2017	51	1,032	1,083



Notes to Financial Statements

31 March 2017

25. DEFERRED TAX *(Continued)*

Certain subsidiaries of the Group have tax losses arising in Hong Kong in total of HK\$110,292,000 (2016: HK\$90,558,000) as at 31 March 2017, 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\$29,379,000 (2016: HK\$25,062,000) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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

At 31 March 2017, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK\$124,273,000 at 31 March 2017 (2016: HK\$72,178,000).

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

Notes to Financial Statements

31 March 2017

26. ISSUED CAPITAL

	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
	Notes	
Authorised:		
As at 31 March 2016 and 31 March 2017	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2015	1,412,538,536	14,125
Share options exercised	(a) 1,323,914	13
Shares repurchased and cancelled	(b) (2,636,000)	(26)
As at 31 March 2016, 1 April 2016 and 31 March 2017	1,411,226,450	14,112

Notes:

- (a) In the prior year, the subscription rights attaching to 1,323,914 share options were exercised at the subscription price of HK\$2.27 per share (note 27), resulting in the issue of 1,323,914 shares of HK\$0.01 each for a total cash consideration, before expenses, of HK\$3,005,000. An amount of HK\$356,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.
- (b) In the prior year, the Company purchased 2,636,000 of its own ordinary shares on the Stock Exchange at a total consideration of HK\$3,704,000. The purchased shares were cancelled in the prior year and the issued share capital of the Company was reduced by the par value of approximately HK\$26,000. The premium paid on the purchase of the shares of HK\$3,678,000, including transaction costs, has been charged to the share premium of the Company.

Notes to Financial Statements

31 March 2017

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.

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.

Notes to Financial Statements

31 March 2017

27. SHARE OPTION SCHEMES (Continued)

(a) Share option scheme (Continued)

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

No share options were granted during the current and prior years, and no share options were outstanding under the Share Option Scheme as at 31 March 2017 and 2016.

(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:

	2017		2016	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At beginning of year	2.27	26,800	2.27	51,250
Exercised during the year	-	-	2.27	(1,324)
Forfeited during the year	-	-	2.27	(18,231)
Expired during the year	-	-	2.27	(4,895)
At end of year	2.27	26,800	2.27	26,800

In the prior year, the weighted average share price at the date of exercise for share options exercised was HK\$2.72 and the Group recognised a share option expense of HK\$1,862,000 in respect of the share options granted in November 2012.

Notes to Financial Statements

31 March 2017

27. SHARE OPTION SCHEMES (Continued)

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

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

2017

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

2016

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

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

The 1,324,000 share options exercised during the prior year resulted in the issue of 1,323,914 ordinary shares of the Company and new share capital of HK\$13,000 (before issue expenses), as further detailed in note 26 to the financial statements.

At the end of the reporting period, the Company had 26,800,054 share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 26,800,054 additional ordinary shares of the Company and additional share capital of HK\$268,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 26,800,054 (2016: 26,800,054) share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 1.9% (2016: 1.9%) of the Company's shares in issue as at that date.

Notes to Financial Statements

31 March 2017

28. RESERVES

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

(i) Merger reserve

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

(ii) Statutory reserve

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

29. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transaction

During the current year, the Group recognised the estimated obligations, included in the Group's property, plant and equipment, of HK\$4,101,000 (2016: Nil) to dismantle, remove and restore certain items of property, plant and equipment in respect of the restaurants under operating lease.

30. CONTINGENT LIABILITIES

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

	2017 HK\$'000	2016 HK\$'000
Bank guarantees in favour of landlords in lieu of rental deposits	8,092	3,589

31. 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 guarantees in lieu of rental deposits are secured by the pledged time deposits of the Group and are included in notes 19 and 20 to the financial statements, amounting to HK\$8,098,000 (2016: HK\$3,591,000).

Notes to Financial Statements

31 March 2017

32. OPERATING LEASE ARRANGEMENTS

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

At 31 March 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 HK\$'000	2016 HK\$'000
Within one year	216,650	220,976
In the second to fifth years, inclusive	400,415	376,001
After five years	83,697	136,780
	700,762	733,757

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.

33. COMMITMENTS

In addition to the operating lease commitments detailed in note 32 above, the Group had the following capital commitments at the end of the reporting period.

	2017 HK\$'000	2016 HK\$'000
Contracted, but not provided for:		
Land and buildings	8,122	–
Leasehold improvements	2,661	5,984
Intangible assets	847	822
	11,630	6,806

Notes to Financial Statements

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34. RELATED PARTY TRANSACTIONS

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

		2017 HK\$'000	2016 HK\$'000
Sale of food to joint ventures	(a)	27,690	23,075
Purchase of food from a joint venture	(b)	–	28
Rental fees paid and payable to:			
Success Path Limited	(c)	3,208	4,083
Champion Stage Limited	(c)	2,275	2,275
Joy Express Limited	(c)	13,592	13,592
Cheermax Limited	(d)	80	3,106

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

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

Notes:

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

Notes to Financial Statements

31 March 2017

34. RELATED PARTY TRANSACTIONS *(Continued)*

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

	2017 HK\$'000	2016 HK\$'000
Short term employee benefits	13,456	11,060
Equity-settled share option expense	–	1,862
Post-employment benefits	126	134
	13,582	13,056

35. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 March 2017 and 2016, all the financial assets and liabilities of the Group were loans and receivables and financial liabilities at amortised cost, respectively.

Notes to Financial Statements

31 March 2017

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

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

The fair values of the interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 March 2017 was assessed to be insignificant.

Fair value hierarchy

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

The Group did not have any financial assets measured at fair value as at 31 March 2017 and 2016.

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 2017				
Other payable and accruals — non-current portion	–	17,294	–	17,294
As at 31 March 2016				
Finance lease payables	–	135	–	135

Notes to Financial Statements

31 March 2017

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

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

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK\$'000
2017		
HK\$	100	(715)
HK\$	(100)	715
2016		
HK\$	100	(767)
HK\$	(100)	767

Notes to Financial Statements

31 March 2017

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

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

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

	Increase/ (decrease) in profit before tax HK\$'000
31 March 2017	
If Hong Kong dollar weakens against RMB by 5%	2,970
If Hong Kong dollar strengthens against RMB by 5%	(2,970)
31 March 2016	
If Hong Kong dollar weakens against RMB by 5%	2,841
If Hong Kong dollar strengthens against RMB by 5%	(2,841)

Notes to Financial Statements

31 March 2017

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

Liquidity risk

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

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

	Less than one year or on demand HK\$'000	Above one year HK\$'000	Total HK\$'000
31 March 2017			
Trade payables	77,044	–	77,044
Financial liabilities included in other payables and accruals	108,726	17,294	126,020
Interest-bearing bank borrowings	72,893	–	72,893
Bank guarantees in lieu of rental deposits	8,098	–	8,098
	266,761	17,294	284,055
31 March 2016			
Trade payables	76,018	–	76,018
Financial liabilities included in other payables and accruals	178,795	–	178,795
Finance lease payables	138	–	138
Interest-bearing bank borrowings	78,184	–	78,184
Bank guarantees in lieu of rental deposits	3,591	–	3,591
	336,726	–	336,726

Notes to Financial Statements

31 March 2017

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

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

	2017 HK\$'000	2016 HK\$'000
Interest-bearing bank borrowings	71,485	76,673
Finance lease payables	–	135
	71,485	76,808
Equity attributable to owners of the Company	1,159,013	1,169,417
Gearing ratio	6.2%	6.6%

Notes to Financial Statements

31 March 2017

38. 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:

	2017 HK\$'000	2016 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	1,202,754	1,202,754
CURRENT ASSETS		
Prepayments, deposits and other receivables	236	519
Due from subsidiaries	833,388	814,513
Cash and bank balances	109,779	170,702
Total current assets	943,403	985,734
CURRENT LIABILITIES		
Accruals	34	–
Due to subsidiaries	58,867	59,249
Total current liabilities	58,901	59,249
NET CURRENT ASSETS	884,502	926,485
Net assets	2,087,256	2,129,239
EQUITY		
Share capital	14,112	14,112
Reserves (Note)	2,073,144	2,115,127
Total equity	2,087,256	2,129,239

Notes to Financial Statements

31 March 2017

38. 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 HK\$'000	Total HK\$'000
At 1 April 2015	856,303	1,200,754	14,782	2,623	2,074,462
Profit and total comprehensive income for the year	–	–	–	152,598	152,598
Issuance of new shares upon exercise of share options	3,348	–	(356)	–	2,992
Transfer to reserve upon the forfeiture or expiry of option	–	–	(6,867)	6,867	–
Shares repurchased and cancelled	(3,678)	–	–	–	(3,678)
Equity-settled share option arrangements	–	–	1,862	–	1,862
2015 final dividend	–	–	–	(84,832)	(84,832)
2016 interim dividend	–	–	–	(28,277)	(28,277)
At 31 March 2016 and 1 April 2016	855,973	1,200,754	9,421	48,979	2,115,127
Profit and total comprehensive income for the year	–	–	–	29,990	29,990
2016 special dividend	–	–	–	(22,580)	(22,580)
2016 final dividend	–	–	–	(21,168)	(21,168)
2017 interim dividend	–	–	–	(28,225)	(28,225)
At 31 March 2017	855,973	1,200,754	9,421	6,996	2,073,144

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

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



Notes to Financial Statements

31 March 2017

39. COMPARATIVE AMOUNTS

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

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 June 2017.

Five Year Financial Summary

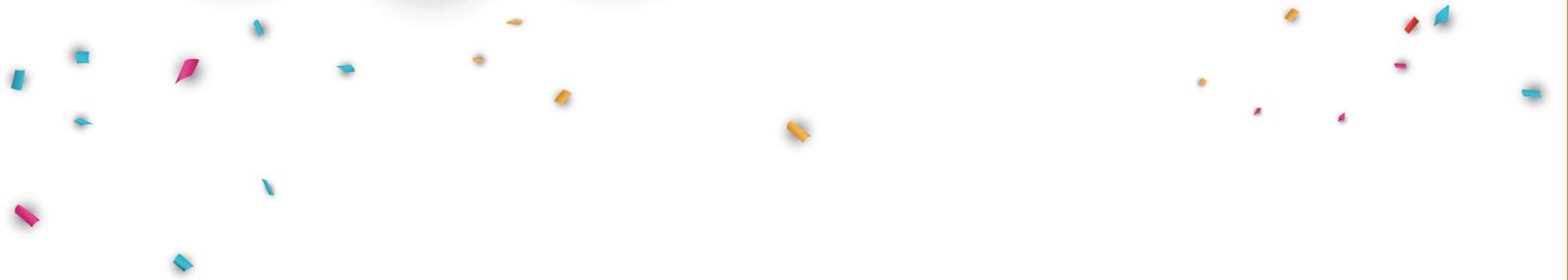
A summary of the consolidated results of the Group for the five years ended 31 March 2013, 2014, 2015, 2016 and 2017 and the consolidated assets, liabilities and non-controlling interests of the Group as at 31 March 2013, 2014, 2015, 2016 and 2017 as extracted from the Company's published audited financial statements, is set out below.

RESULTS

	Year ended 31 March				
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
REVENUE	1,845,405	1,867,646	1,801,000	1,473,691	1,084,415
PROFIT BEFORE TAX	127,980	109,633	190,076	189,804	158,129
Income tax expense	(37,282)	(37,162)	(32,485)	(33,761)	(26,832)
PROFIT FOR THE YEAR	90,698	72,471	157,591	156,043	131,297
Profit attributable to:					
Owners of the Company	90,483	71,675	157,407	156,031	129,598
Non-controlling interests	215	796	184	12	1,699
	90,698	72,471	157,591	156,043	131,297

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
TOTAL ASSETS	1,482,717	1,505,022	1,564,188	1,449,258	1,191,580
TOTAL LIABILITIES	(322,409)	(334,525)	(331,982)	(300,244)	(154,363)
	1,160,308	1,170,497	1,232,206	1,149,014	1,037,217
EQUITY:					
Equity attributable to owners of the Company	1,159,013	1,169,417	1,231,922	1,148,917	1,037,132
Non-controlling interests	1,295	1,080	284	97	85
	1,160,308	1,170,497	1,232,206	1,149,014	1,037,217



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